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New death blast prompts London crisis talks

Terror threat forces urgent EEC summit

- The Home Secretary is speeding up moves to introduce tougher European measures against terrorism
- An emergency meeting of European interior and justice ministers is to be held in London next week
- The fourth bomb attack in Paris during the past week killed one person and injured 51, three seriously
- An explosion damaged the Munich office of the firm producing the new Tornado multi-role combat aircraft

By Philip Webster in London and Richard Owen in Brussels

Mr Douglas Hurd, the Home Secretary, is speeding up moves to consider and introduce tougher European measures against terrorism after the spate of bomb attacks in Paris, including a further two yesterday.

After requests from the French and German Governments Mr Hurd is to chair an emergency meeting of European ministers of the interior and justice in London next week.

He wants Britain's six-month presidency of the European Community to result in the adoption of much stronger measures across Europe to combat terrorism, organized crime and drugs.

Sir Geoffrey Howe, the Foreign Secretary, who is current president of the EEC Council of Ministers, said in Brussels that the EEC was determined to "drive the terrorist out of our 12 countries" and "rid the world of this 20th century plague".

Measures under consideration include tighter frontier controls and stricter visa

requirements throughout the EEC after the emergency introduction of visas for all visitors to France except EEC nationals and the stepping up of security on French borders.

The series of recent attacks by Arab-backed terrorists in Paris dominated the start of yesterday's meeting of EEC Foreign Ministers in Brussels.

The explosion at police headquarters in Paris came

Paris in fear
Leading article 17

just as the Foreign Ministers were discussing terrorism in Europe over lunch.

Sir Geoffrey noted that the Foreign Ministers' informal discussions in Britain 10 days ago had been held in the shadow of the outrages at Karachi and Istanbul. "Today we are similarly outraged by the loss of life and injuries inflicted on innocent French citizens," he said.

There was dismay about the Paris attacks at the meeting and some apprehension that the French outrages could

precipitate a terrorist campaign throughout Europe, despite existing effective measures taken by many European governments.

The new visa restrictions under consideration are at odds with the EEC policy of open frontiers, but this is a price most EEC governments believe is worth paying.

The Home Secretary had already planned a meeting in London on October 20 to discuss wide-ranging proposals to tackle crime.

He wants to consider ways of co-ordinating the various systems of immigration checks and controls that operate in the EEC.

Another aim is to accelerate the flow of intelligence between EEC countries.

Mr Hurd said yesterday that he sympathized with the French decision on visas.

But Government sources played down suggestions that Mr Hurd meant that Britain was on the verge of introducing tougher rules and visas to counter terrorism.

Bombers hit HQ of Paris police

From Diana Geddes Paris

Bombers struck again here yesterday, this time hitting a crowded vehicle licence office in the heart of the Paris police headquarters on the Ile de la Cité, killing one person and injuring 51, three seriously.

It was the fourth attack within the past week. A total of 112 people have been injured, and three killed.

M. Jacques Chirac, the Prime Minister, who had promised the previous night that the terrorists and their "manipulators" would be treated "without pity", immediately went to visit the scene of the latest explosion.

No one has yet claimed responsibility, but it is thought almost certainly to be the work of the same group that has carried out most previous attacks in France this year: the Committee for Solidarity with Middle Eastern and Arab Political Prisoners.

The group, which is demanding the release of 15 convicted Arab terrorists imprisoned in France, officially claimed responsibility yesterday for the Sunday night attack against a café on the Champs Elysees, in which a policeman was killed and a head waiter and another policeman seriously injured.

A second dawn raid on homes of immigrants of Middle Eastern origin resulted in a further 20 people being arrested and detained by the police yesterday.

The French authorities still do not know who is behind the Committee for Solidarity with Middle Eastern and Arab Political Prisoners, but they believe it is a front for a Beirut-based, Marxist Marxist terrorist group, the Lebanese Armed Revolutionary Front (LARF), whose leader, Georges Ibrahim Abdallah, has been imprisoned in France since 1964.

Visas for all foreigners of non-EEC or Swiss origin will become compulsory from today. For the next fortnight, they will be able to be obtained at international airports on arrival in France, but thereafter will have to be sought from French consulates abroad.

The US, whose citizens will also be affected by the new visa regulations, yesterday approved the French Government's decision.

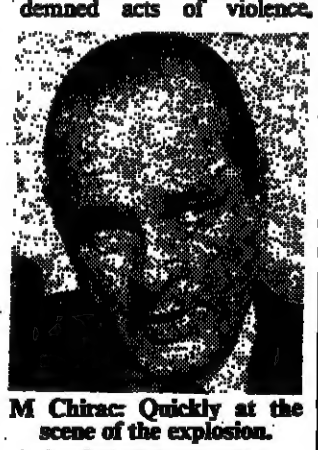
Libya's denunciation: Libya strongly denounced terrorist attacks in a communiqué published yesterday by its mission in Paris (AFP reports). The communiqué said Libya energetically condemned acts of violence.

Earlier Rasmi Awad, aged 43 and resident in Spain, and Nassar Mohammed, aged 26, a student from north London, both pleaded not guilty to charges of conspiracy to cause explosions and attempting to possess explosives last year.

The court was told the two were arrested after Mr I kept a rendezvous at a London Underground station watched by police.

After taking possession of the bag containing the grenades the Libyan had met police who substituted harmless devices for the grenades.

Report, page 3



M. Chirac: Quickly at the scene of the explosion.



Firemen carrying out a victim of the attack on the Paris police headquarters yesterday.

Prepare now for huge spending rise, Labour says

By Martin Fletcher, Political Reporter

The Labour Party has told all its local authority groups to prepare now for a huge expansion of local authority spending and manpower from day one of a Labour government.

Detailed instructions have been sent out by Mr Larry Whitty, Labour's general secretary. They range from obtaining advance planning permission for building projects and checking that there is enough office space for the new employees to ensuring that management teams and support services are "ready and able to cope with a dramatic increase in building activity".

Labour has promised to create a million jobs within two years of taking office. Local government will play a key role in that operation.

Mr John Prescott, the party's employment spokesman, has been talking to local authority leaders and investigating possible obstacles that the programme might face.

Last week a working party comprising Labour front bench spokesmen and local authority representatives met for the first time to examine likely problems of local government finance and the allocation of resources.

The working party, chaired by Mr Jack Straw, Labour's

£60m loss reported by Rover

By Derek Harris Industrial Editor

Austin Rover, the volume car subsidiary of Rover Group (formerly BL), plunged to a £60 million loss, pre-tax and before interest, during the first half of this year. Last year the company lost £6 million but the first half showed a £600,000 profit.

The huge decline in fortunes emerged yesterday as talks began on a demand for an extra £10 a week pay plus other benefits over one year for 26,000 hourly paid workers, more than two thirds of the workforce.

The company countered with a two-year deal offering £9 a week in the first year and then £18 a week, of which about £10 would be dependent on bonuses linked to productivity and quality. The union response is expected within weeks.

A discount war during most of this year has taken its toll on profit margins.

Interim financial figures for the company, due out by the end of this month, are expected to show that a substantial part of the spiralling losses are attributable to the £130 million investment cost of the new Rover 800 executive cars.

Continued on page 28, col 5

Higher taxes backed by SDP

By Robin Oakley Political Editor

The SDP yesterday embarked on the high-risk strategy of selling to the electorate a tax and social security package which will hit the pockets of most of its members and millions of taxpayers.

Predictions that the scheme, which would redistribute the tax burden, would be rejected at yesterday's conference in Harrogate were so far confounded that Mr Dick Taverne, a former Labour Treasury Minister and the chief architect of the package, was given a standing ovation.

Dr David Owen, party leader, is pledged to fight as hard for the scheme as he is doing for a tough stance on defence.

But there could well be ructions with the SDP's Liberal allies. When the plan was first outlined last month it proved a public relations disaster and a gift to the Government. It was condemned privately by Mr David Steel, Liberal leader, who insisted that it could not go into the Alliance manifesto in its present form.

Many Alliance party workers are alarmed at the likely effect on their predominantly middle class voters and at the sheer complexity of explaining a scheme which makes it difficult to produce clear tables of potential winners and losers.

The SDP plan "Merging Tax and Benefits, Attacking Poverty" involves the abolition of National Insurance, with the present 9 per cent employee's contribution merged with 29 per cent income tax in a new basic tax.

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Frank Johnson 28

rate of 38 per cent. The married man's allowance would be ended and mortgage tax relief above basic rate would be phased out.

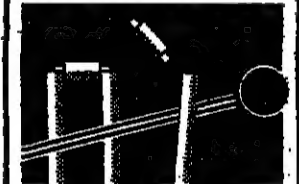
The plan would also involve the introduction of flat rate personal allowances and separate taxation for women, in raising £4.5 billion for an anti-poverty programme.

The benefits system would be recast, with a new basic benefit replacing the present Family Income Benefit and Supplementary Benefit and incorporating a number of other benefits at present paid separately. There would be a big rise in child benefit of £4.30 a week, but the increase would be clawed back through the tax system from families with two earners.

SDP spokesmen said yesterday that there would be 19 million gainers and six million losers under the scheme. But Mr Taverne said

Tomorrow

Who'll bale us out?



England's cricket team heads for Australia on a wing and a prayer, but not much hope, judging by the past year. John Woodcock, the doyen of cricket writers, introduces a series in which top names speak out on cricket in crisis

Blast at Munich air firm

From Our Correspondent Bonn

A bomb explosion in Munich early yesterday damaged the offices of a firm responsible for production of the Tornado multi-role combat aircraft being built by a German-British-Italian consortium. No-one was hurt.

The explosion was outside the offices of Panavia aircraft, which is jointly owned by Messerschmitt-Bölkow-Blom, British Aerospace and Aeritalia.

The building also houses the Nato liaison office for Munich and the Bavarian State Office for Environmental Protection. Panavia, however, is seen as the bombers' target.

Dr Kurt Reibmann, the federal public prosecutor, said he assumed the bomb was placed by left-wing terrorists.

The blast came only a week after a bomb attack on the headquarters of the West German counter-intelligence service in Cologne for which terrorists close to the Red Army Faction claimed responsibility.

● A militant anti-nuclear group is believed to be responsible for an attack on an electricity pylon near Helmstadt, in Baden-Württemberg, yesterday. The pylon's base supports were sawn through.

Abu Nidal link alleged

By Stewart Telfer Crime Reporter

Police arrested two Arabs allegedly linked to the Abu Nidal terrorist group after a Libyan dissident pretended to work for the Gaddafi regime and acted as a courier for hand grenades brought into Britain, the Central Criminal Court was told yesterday.

At the start of the trial of the two men accused of explosives charges, the dissident, disguised with a beard and glasses, appeared in court as "Mr I" to describe how he took delivery of a bag containing four grenades and igniters from a man in airline uniform in the offices of the Libyan Arab Airlines at Heathrow last year.

Earlier Rasmi Awad, aged 43 and resident in Spain, and Nassar Mohammed, aged 26, a student from north London, both pleaded not guilty to charges of conspiracy to cause explosions and attempting to possess explosives last year.

The court was told the two were arrested after Mr I kept a rendezvous at a London Underground station watched by police.

After taking possession of the bag containing the grenades the Libyan had met police who substituted harmless devices for the grenades.

Report, page 3

Portfolio Gold

● Yesterday's £4,000 prize in The Times Portfolio Gold competition was shared by two readers, Mrs C Selby of Sutton, Surrey, and Mrs B C Rudge of Aspley Guise, Milton Keynes, Bucks. Details, page 3.
● There is another £4,000 to be won today. Portfolio list page 33; rules and how to play, information service, page 28.

Summit threat

A US-Soviet summit might be in jeopardy unless Mr Nicholas Daniloff, the journalist, was allowed home, Mr Don Regan, the White House Chief of Staff, said. Page 7

Pretoria envoy

South Africa yesterday appointed a law professor of Indian origin, Dr Bhadra Gahu Ranchod, as its ambassador to the EEC in Brussels. Page 7

Kasparov wins

Gary Kasparov, the reigning champion, won the 16th game of the world title chess match.

Mortgage fear

The Governor of the Bank of England is concerned over the amount of money being borrowed from building societies. Page 2

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Investors rush for TSB prospectus

By Richard Thomson Banking Correspondent

The Trustee Savings Bank share offer started with a bang yesterday with telephone lines to the bank's share information office jammed and TSB branches throughout the country besieged by private investors eager for copies of the prospectus.

"It's been hectic," said a TSB spokesman. "The share offer lines have been under bombardment and there have been queues outside the Chesham branch in the City of London, to name just one."

Shares regain some of the lost ground

Share prices in London rallied yesterday after last week's record fall on Wall Street.

The FT index of 30 top shares opened confidently and improved gradually, closing 18.7 up at 1,289.7. The broader based FT-SE 100 advanced 19.7 to 1,628.3.

With the Tokyo market closed for a national holiday, all eyes were on London, and the news that share prices had rallied came as a relief to many fund managers.

On Wall Street share prices fell back slightly after a firm start. Details, page 29

By lunchtime, Cheapies had run out of its 1,500 copies of the prospectus, while the stock of 4,500 at the Lombard Street branch in the City had also run out.

The TSB announced last Friday it was issuing 1.5 billion shares at 100p each, to be paid in two 50p instalments, and made the prospectus and application forms available from yesterday. It is the largest share offer ever made available to the general public.

The full prospectus is carried in The Times today.

The issue is expected by most experts to be heavily oversubscribed and could cause disruption in some financial markets. Building societies expect a big outflow of funds as investors withdraw money to apply for TSB shares.

One licensed dealer making a market in the shares before they have been issued was quoting up to 110p - more than twice the 50p initial payment.

Details, page 29
Prospectus, pages 37-48

The expensive Soviet way of death

From Christopher Walker Moscow

The new policy of glasnost (openness) being encouraged in the official media by Mr Gorbachev, the Soviet leader, has prompted a stream of letters from disgruntled citizens complaining about the bribery, corruption and bureaucratic indifference associated with the Soviet way of death.

The macabre controversy, which shows every sign of gathering momentum as a result of the encouragement of newspaper editors, has revealed hitherto unknown details about a subject

previously regarded as taboo for open discussion.

Typical of the complaints was that to the Moscow paper *Izvestia* from Mr A Genrikson, who worked for a state funeral parlour for a year in the Ukrainian town of Shostka, but resigned in despair because he could no longer tolerate the extortion and shenanigans.

"There are no grave-diggers at all on the payroll, so the client must look for them himself," he explained. "In winter, the relative has to find at least three or four people as the ground is frozen at least half a yard deep."

So they gouge out the earth with crowbars, chop at it with axes... and if they are not constantly supplied with vodka, they will refuse to keep digging."

The former mortician revealed that because of the lack of raw materials, staff were forced to take apart fences and use rotting planks to knock together coffins "which were held together by the shroud they were wrapped in".

A Muscovite, Mr Yuri Kazmin, recalled that when he arrived for the funeral of his only son, he discovered that it was scheduled for 4.30 pm but that the grave diggers worked only until 4 am.

Reagan to enforce drug tests

From Michael Binyon Washington

All US Government employees in "sensitive positions" face drug tests under plans announced by President Reagan yesterday.

Mr Reagan, announcing the second phase of his crusade to rid America of drugs, outlined a \$3 billion (£2.12 billion) plan to step up drug tests, strengthen border patrols, increase funding for treatment centres and take the campaign to schools and offices.

The main provision will be the sharp increase in drug tests for government employees. Mr Reagan said all those in "sensitive positions", such as the police, those responsible for safety and anyone with classified information, would be included. Officials estimate that up to 1.1 million may be involved.

Drug targets, page 9
A hard line, page 16

Lord King to reject BBC post

By a Staff Reporter

Lord King of Warrnaby, the British Airways chairman who is reportedly Mrs Thatcher's favourite candidate for BBC chairman, yesterday took himself out of the running. He does not want the job and believes it should be offered to the BBC's vice-chairman, Lord Barrett.

Friends of Lord King made it plain that the Tory peer is not ready to give up his current job at British Airways or the chairmanship of Babcock International, the civil engineering firm.

Lord King believes that he will not have completed his work at British Airways until it has become firmly established as a public company.

With the Cabinet expected to discuss the BBC chairmanship within the next two weeks, senior officials at the BBC yesterday were speculating that the job would go to a retired senior civil servant.

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Faster inquiries among planning reforms demanded by Minister

By Hugh Clayton, Environment Correspondent

Scope for local objections to hold up large building projects through unreasonable planning inquiries must be curtailed, Mr Nicholas Ridley, Secretary of State for the Environment, said yesterday.

He made it clear to planning officers at a conference in Nottingham that democratic safeguards in the planning system were not there to frustrate developers.

Deep concern among ministers about the slowness of the system lay behind the complex detail of a Green Paper on planning reform which the Government published yesterday.

"Let us try to avoid the planning process itself being used as a form of stopping development," Mr Ridley said. "Some see greater efficiency as a threat. They think that the main purpose of planning is to restrict development."

The new document was in line with two White Papers

issued by the Department of Employment in the past 18 months which said the planning system must not be allowed to hold up job-creating projects.

Mr Ridley caused a storm last year when, as Secretary of State for Transport, he refused to allow a public inquiry into the proposed Channel Tunnel. He said then that such an inquiry would be so long that the tunnel would never be built.

Yesterday, he named three recent inquiries as examples where there had been frustrating delays by objectors.

"Stansted and Archway Road are burned on my hearth," he said. "The Okehampton bypass may be another case in point."

The Stansted inquiry into London's third airport lasted more than 18 months and cost taxpayers and ratepayers more than £5 million. The Archway Road inquiry in north London had to be postponed repeat-

edly, sometimes because of rowdy public hearings, and the bypass round the Devon town of Okehampton was delayed when objectors resorted to a rare parliamentary procedure.

Mr Ridley said yesterday that he wanted to abolish the county structure plans now used to set out strategic growth policies. Some county planners' jobs would be lost.

The structure plans would be replaced by a mixture of non-statutory county policy statements and regional planning views, put forward by new bodies.

Mr Ridley said that some county structure plans were far too detailed and full of irrelevant items.

The Association of County Councils has already told the Secretary of State that he should leave strategic planning to the counties, giving them only such guidance as is necessary to achieve national objectives.



Mr Gerald Hackmer (above left) and Mr Alan Johnson (right) with his mechanic in 1923, was demonstrating a DH50 seaplane to show how easy it was to fly long distances. took two months to fly from Rochester to Melbourne. Mr Johnson and Mr Hackmer will take just four weeks in a 19 ft home-built two-seater Quickie Q2. The aircraft leaves Rochester on Saturday, September 20.

Mr Johnson, who assembled the plane from a kit supplied by the American manufacturers, is being sponsored with £50,000 from ICL. (Top photograph: John Manning)

Mortgage boom 'may bring problems'

By Richard Thomson, Banking Correspondent

The Governor of the Bank of England, Mr Robin Leigh-Pemberton, said yesterday that the boom in mortgage lending could lead to serious problems for borrowers and lenders and was helping to fuel the rapid expansion of consumer spending.

Adding his voice to a growing chorus of disquiet over the amount of consumer borrowing, he told the International Union of Building Societies and Savings Associations in Vienna that lending criteria were in danger of becoming too lax.

More institutions willing to lend more money could easily get into trouble as the profitability of the business diminished.

Mortgages of up to 95 per cent of home value were commonplace, but borrowers were not necessarily better able to pay them off.

Indeed, they could no longer rely on high inflation to reduce the value of their loans over time and there was no reason to assume that house prices would go on rising indefinitely.

He said that the amount British households spent on servicing debts had nearly doubled since 1979. Mortgage arrears were also rising and lenders would in future tend to take a more "hard-nosed" attitude to customers struggling with late repayments.

Liverpool 'Tate' gets the go-ahead

By Gavin Bell, Arts Correspondent

Victorian trade is to make way for modern art in a Liverpool dock after the award of a £3.5 million contract for converting a warehouse into a northern Tate Gallery.

The contract announced by the Government's Property Services Agency yesterday is for six air-conditioned galleries, offices, a shop, education facilities and a workshop. The work is expected to take 18 months.

A second phase to add more galleries, expected to cost a further £6 million, will start when funds are available. The initial project is being financed by the Government, the Merseyside Development Corporation and by private donations to the Tate.

Single-union deal signed

The Japanese company

Komatsu, which produces earth-moving equipment, yesterday signed Britain's first single-union deal in the heavy engineering industry with leaders of the Amalgamated Engineering Union in the North-east.

The Komatsu deal covers the company's new plant in Birtley, Tyne and Wear, which will employ more than 300 workers by the time full production starts in 15 months' time.

Wapping talks near end

Talks between management and unions in the Wapping dispute are expected to end today.

Mr Bill O'Neill, the chief negotiator for News International, held five hours of discussions at the headquarters of the arbitration service, Acas, yesterday with representatives of the five print unions involved in the 34-week dispute over the company's newspaper plant in east London.

Coal chief to meet NUM

Sir Robert Haslam, British Coal chairman, has agreed to meet leaders of the National Union of Mineworkers next Tuesday for talks on their long-standing pay dispute.

His decision came as Yorkshire's 38,000 miners stepped back from taking industrial action over his refusal to backdate an £8-a-week rise for men who took part in the pit strike. They decided to await the outcome of talks.

Headmaster remanded

A headmaster accused of assaulting a pupil aged 13 in a caning incident, was remanded on bail for two weeks by magistrates at Barnet, north London yesterday.

Mr Anthony Pearson, of Hamlet Court, Village Road, Enfield, is alleged to have assaulted the pupil at the Independent Friern Barnet Grammar School, north London, on July 17.

Scargill to sell

Mr Arthur Scargill, president of the National Union of Mineworkers, is selling his bungalow in Worsborough, Yorkshire, fueling speculation that he is to buy a £125,000 house at Barnsley, near by.

Correction

The Dee Corporation owns Gateway and the Woolco outlets, contrary to the implication of a paragraph in yesterday's Special Report on Retailing.

Technical schools a 'gimmick'

The Labour Party yesterday

attacked Mr Kenneth Baker's plan to set up a network of government-funded schools specializing in technical subjects.

Mr Giles Radice, Labour's education spokesman, described the proposal, disclosed in *The Times* yesterday, as a gimmick.

The plan, which Mr Baker hopes to unveil at the Conservative Party conference, would be break with the comprehensive system and is understood to be unpopular with some senior Civil Servants within the Department of Education.

The aim of the 20 or so schools would be to help industry to meet the growing demand for scientists.

But Mr Radice said yesterday in a statement that the objective should not be technical education for a selected few, but the need to ensure that every young person got some technical education.

"This is really government by gimmick because the initiative will affect so few people," he said. "It will leave the real issues of education, the shortages of teachers of key subjects and the shortages of books and equipment, untouched."

Legal aid proposals criticized

By Frances Gibb, Legal Affairs Correspondent

Proposals to overhaul the legal aid system have been criticized by a firm of Liverpool solicitors as certain to deprive most of the city's half million population of legal advice.

Under the proposals, contained in the recent scrutiny report on legal aid, solicitors would hand over the job of giving advice in most civil matters to advice bureaux.

But that would mean the end of some legal services in an area of social deprivation heavily dependent on the legal aid scheme, Mr David Deacon, a partner with Deacon Goldstein Green, says.

In a letter to the Law Society, he says: "Anything less than the present service must be regarded as a scandal."

It also represented a "denial of the principles of access to justice and justice for all," he says.

He points out that Liverpool is served by at least 150 solicitors' offices offering legal aid advice but by contrast there are only 12 citizens' advice bureaux.

Rees not to stand again

By Our Political Staff

Mr Peter Rees, the former Chief Secretary to the Treasury, last night became the latest in a long line of Mrs Margaret Thatcher's former Cabinet colleagues to announce that he will not be standing at the next general election.

In recent months the MP for Dover has had difficulty in reconciling support for the Government with constituency interests, particularly because of his opposition to the proposed Channel Tunnel.

He resigned last year as Chief Secretary where his dry, right-wing views coincided with those of Mr Nigel Lawson, the Chancellor of the Exchequer.

In his letter of resignation to his constituency party Mr Rees stated: "My decision does not mean any weakening in my support for this Government and its objectives. But I have to recognize I shall be over 60 when the next general election comes."

It brings to more than 30 the number of senior Conservative MPs who have announced that they will not stand at the next general election. The list includes six other former members of Mrs Thatcher's Cabinet: Sir Keith Joseph, Mr Francis Pym, Sir Humphrey Atkins, Mr James Prior, Mr Patrick Jenkin and Mr Norman St John-Stevens.

The resignations will leave open an unexpectedly high number of safe Conservative seats to be filled.

Mr Rees is to spend more time at the bar where he specializes in tax cases.

● Mystery last night surrounded the decision of Mr John Ryman, the Labour MP, to stand down at the next general election.

Mr Ryman, aged 55, who had been re-elected to contest Blyth Valley, has just told his local party, without giving any reasons, that he does not intend to fight next time.

Attempts by constituency party officials, and the press, to find Mr Ryman have so far failed.

Mr Ryman has never been popular among his colleagues at Westminster. He once upset the whips by missing a key vote in order to attend a football match and he has infuriated Labour MPs because he continues to ride to hounds. He is a member of the committee of the Campaign for Country Sport.

Sealink in court threat on Chunnel

By Sheila Guna, Political Staff

Sealink Ferries is preparing to take the Government to the European Court of Human Rights in protest at attempts to rush through parliamentary approval for the proposed Channel Tunnel.

The recently privatized company claims that the Government is guilty of "one of the great travesties of parliamentary democracy" by restricting the right of objectors to the £3 billion tunnel to put their case fully to the all-

speed trains carrying cars containing passengers.

Miss Maureen Tomison, Sealink's director of communications, said that the company hoped the House of Lords would ensure objectors had a fair hearing when the Bill goes to a select committee of peers. If not, it would take the Government to the European court.

The select committee of MPs moved down to the Imperial Hotel in Hythe, Kent, last night in an attempt to speed up the hearing of local objections to the plan to link the Kent coast to France with two rail tunnels.

The Government has seriously underestimated the time it would take to get the Bill through Parliament. The Euro-Tunnel Consortium is prepared for the predicted six-month delay, but the project will be threatened if the Bill fails to get royal assent before the general election, as now seems likely.

The Government originally promised all objectors to the Bill the right to put their case. But, faced with 5,000 petitions, the committee quickly ruled that those without a direct, personal interest would not be heard.

This led to allegations of "gagging" from ferry companies and conservation groups. In spite of the ruling, only half of the petitions have so far been dealt with.

Mr Alex Fletcher, the committee chairman, will again tell protesters that they cannot argue with it since the principle of the tunnel has already been accepted by Parliament. They will only be able to object about its effect, for example, on their back garden.

Objectors from the Kent villages of Saltwood, Sandling, Newington, Frogholt, Peene, Echinghill and Lymington have been allocated this morning to put their case. The committee moves to Dover town hall next week to hear objections from local residents, businessmen, ferry and dock workers.

Yesterday it also released a video emphasizing the dangers of "an inferno" in the proposed tunnel with high-

party Commons select committee on the Channel Tunnel Bill.

It believes that Mrs Margaret Thatcher had already planned to back the tunnel scheme when she privatized Sealink. The loss of business to ferry companies is expected to lead to hundreds of redundancies. Sealink has called for £100 million compensation from the Government.

Yesterday it also released a video emphasizing the dangers of "an inferno" in the proposed tunnel with high-

Public courted in millions

By Robin Young

Few people who read newspapers or watch television can be unaware of the prodigious spending that is being lavished on privatization share issues.

The 12 page prospectus for the £1.5 billion Trustee Savings Bank issue is printed in *The Times* today, and there are application forms in almost every other national newspaper, as the climax to a publicity operation in which £13 million was spent on advertising an aborted launch date last year and another £1 million on litigation to clear the path for the flotation now. The bank is spending £30 million on the issue.

Meanwhile, a 40-second television commercial to publicize the British Gas launch has received 200 showings. A new series of advertisements will be shown as less intensively during the next fortnight. The slots cost up to £50,000 each.

No precise figures will be available until after the launch but the British Gas issue is approximately half as big again as that of British Telecom, the marketing of which cost more than £14 million in the Britain alone.

Even so, the publicity and advertising costs are but the glossy veneer on the expenditure underpinning the issues.

The Government spent a total of £263 million selling British Telecom, £110 million of which went to shareholders in the form of discount vouchers against their telephone bills. British Gas is expected to offer similar incentives to its 13 million domestic consumers.

There are two dozen groups of professional advisers working on the gas issue. As well as the hundreds of employees at the Department of Energy and British Gas, three merchant banks, five firms of solicitors, two consultancies, four foreign investment banks, two advertising agencies and a clearing bank are involved.

Judging by the experience with Telecom, it is likely that the companies helping with the gas flotation will make more than £150 million from the launch.

The Government aims to have four million shareholders in British Gas, nearly twice the 2.5 million who subscribed for Telecom. Already, more than three million people have

Remark on police chief sparks row

Mr Malcolm Popperwell, the

assistant chief constable of Avon and Somerset, was yesterday said to be "comfortable" at Southmead Hospital in Bristol, where he is undergoing tests for a suspected heart attack.

Mr Popperwell was taken ill on Sunday, three days after he led a series of raids in the St Paul's area of Bristol. Two days of rioting followed the police attempts to crack down on drug-dealing and illegal gambling and drinking.

Yesterday, there was universal condemnation of Mr Komitoba Balogun, a community leader, who was reported as saying that Mr Popperwell deserved to have a heart attack.

Mr Balogun, aged 26, the chairman of the St Paul's Community Association, said: "I hope the bastard dies. I feel no compassion for the man."

Mr Balogun, who was charged with assault and threatening behaviour after the disturbances, added: "If the assistant chief constable suffered a heart attack because he was running around St Paul's arresting innocent people then the bastard deserves it."

His remarks were described as "grossly offensive" by Mr Lionel Broadhead, the secretary of the Avon and Somerset branch of the Police Federation.

Mr Jonathan Sayeed, Conservative MP for Bristol East, said that he had seldom heard a more disgraceful statement and Mr Roger Berry, leader of the Labour group on Avon County Council, disassociated his party from Mr Balogun's comments.

Mr Roger Berry, leader of the Labour group on Avon County Council, added: "On behalf of the Labour group, I condemn these comments as disgraceful, and we totally disassociate ourselves with them."

Spy asked reporter 'for help'

A journalist working for the

Morning Star newspaper, was offered £80,000 to help Bulgarian secret agents, an industrial tribunal heard yesterday.

Mr Graeme Atkinson, aged 36, told the hearing that he was approached in Sofia, Bulgaria, and asked to track down a Russian KGB agent.

Mr Atkinson, of Stockport, Cheshire, was asked to contact the Bulgarian embassy in London if he had "useful information," the tribunal, sitting in Chelsea, south-west London, was told.

But instead, he appeared on the Channel 4 programme *Twenty-Two* and spoke about the offer.

Mr Atkinson was later dismissed from his job for the appearance. He claims that he was unfairly dismissed and is seeking reinstatement.

Mrs Elizabeth Andrew, for the newspaper, said that the dismissal was fair because *Morning Star* journalists were not allowed to appear on television.

The case continues.

Princess woos commerce

Princess Anne has set out

to start a "pilot-edged" partnership to raise funds to help children in need.

The Princess, who is president of the Save the Children Fund, told businessmen yesterday at a luncheon in the Mansion House, London: "We recognize that it is up to us to persuade you to enter into partnership with the fund and this luncheon is part of the softening-up process."

She is to head a team of businessmen to breathe new life into the fund's links with business.

The fund spends more than £70,000 every day on health, education and community work to improve the welfare of children in Britain and 50 Third World countries. But although income for 1985-86 totalled £43.4 million, it was only £4.4 million more than in 1984-85.

The vice chairman will be Lord Boardman, chairman of National Westminster Bank, who will be joined by a small group from finance, manufacturing and retailing.

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Seven factors thwarted blaze jet firemen, inspector's report says

By Peter Davenport

Seven factors contributed to the high loss of life in the "survivable" Manchester airport disaster, according to a report by an inspector of airport fire services which was with the Civil Aviation Authority yesterday.

In evidence to the inquiry on the deaths of the 55 passengers and crew, Mr Bernard Brown, the inspector, said that the lack of water at hydrants nearest the blazing British Airways Boeing 737 prejudiced attempts to rescue survivors.

The report also disclosed the rear starboard exit door had been opened and the escape chute fully deployed by a stewardess while the plane was still moving.

But as the aircraft turned off the runway the chute was destroyed by flames licking under the fuselage before it could be used.

It was a further 70 seconds, Mr Brown said, before the front starboard door was opened.

Mr Brown, now in charge of the authority's fire training school, told the jury that because of the water supply difficulty firemen lost 13 vital minutes before they could re-enter the aircraft to carry on their search for survivors.

He was asked by Mr Leonard Gorodkin, the coroner, if the problems had prejudiced fire-fighting abilities.

Mr Brown said: "I think very much so. If there was no problem of water then the sole task would have been to have committed men inside the aircraft to carry out any rescues.

"If the hydrants had been working correctly the most effective way to tackle the fire inside the aircraft cabin would have been with hoses connected directly to them."

In the conclusion to his investigation into the handling of the disaster, Mr Brown listed seven items which affected the fight for lives. They were:

- 1 Discussions that were held to change emergency procedures at the airport were conducted in an unsatisfactory manner leading to the delays in the arrival of outside, local authority fire appliances.
- 2 Hydrants that were found to be dry had been turned off against a laid-down code of practice. The inquiry had earlier heard that outside contractors were engaged in upgrading the system and should have notified the airport fire brigade whenever the supply was to be turned off.
- 3 The final position of the aircraft was partially cross-wind and that contributed to the spread of the fire from port to starboard.
- 4 The senior airport fire officer in charge of fire fighting at the plane was not easily recognizable by local authority crews coming to help.
- 5 An ambulance operated by the airport fire service went to a pre-arranged emergency rendezvous point instead of heading directly to the burning jet.
- 6 An apron service vehicle which carried up to 100kg of chemical compound and specially effective in fighting running fuel fires was not called in to assist.

When firemen first arrived at the jet they could not and would not know there was a serious internal fire. The blaze was also being fed by up to 250 gallons a minute of fuel escaping from a fractured fuel pipe.

The lack of water caused confusion and a waste of manpower among fire crews.

The situation became so critical, Mr Brown said, that Sub-Officer Mr Harold Jones, the officer in charge of the airport firemen, did not permit further crews to go into the fuselage.

Mr Brown said that when the jet was on the runway the smoke and flames were being blown backwards from the aircraft but when it turned right the wind drove the fire on to the fuselage.

Mr David King, a principal inspector of accidents with the accident investigation branch of the Department of Transport, the officer in charge of the Manchester investigation, said that evidence had been taken from the aircraft's cockpit voice recorder and the flight data recorder.

He said that the port engine exploded at 7.13.12 and within seven minutes of a second Mr Peter Terrington, the captain, had ordered a "stop" to the take-off. Within 25.5 seconds he had ordered an evacuation of the aircraft.

The hearing continues today.

Explosives case

Libyan cites Abu Nidal link

By Stewart Teadler, Crime Reporter

A Libyan dissident appeared in disguise at the Central Criminal Court yesterday to tell how he pretended to support the Gaddafi regime and led police to a Tripoli operation bringing grenades into Britain for Abu Nidal terrorist organization.

Described in court only as "Mr I", the Libyan told of taking a plastic bag from a man in the uniform of the Libya Arab Airline at the airline's office at Heathrow last year.

The bag was passed to detectives who found four grenades wrapped in foil beneath bars of chocolate.

The court was told that the grenades were replaced by harmless devices which the dissident delivered to a man code-named "Mekdad" outside a London Underground station last September.

Yesterday Rasmi Awad, aged 43, a Jordanian doctor accused of being Mekdad, and Nasser Mohamed, aged 26, a student holding a Jordanian passport, of Hendon, north London, denied explosives charges.

Mr Mohamed and Dr Awad, who is resident in Spain, deny conspiracy to cause explosions between August and September last year and attempting to possess explosives.

Before Mr I, who wore a thick black beard, moustache and plain glasses, appeared as the first witness against the two men, Mr Graham Boal, for the prosecution, told the jury: "It will be an obvious disguise and the reasons for it you may readily understand without further explanation."

Mr Boal, opening the case, told the court the Crown alleged that the defendants "are or were members of or at least supporters of, sympathizers with an extreme Arab organization which bears the name of the man who is believed to be the power behind it: Abu Nidal".

Mr Boal said that the grenades discovered by police were anti-personnel grenades. "I will not dwell upon the consequences of one of those grenades being thrown."

After Dr Awad was arrested, Spanish police searched his home in Madrid. In a writing desk they found a document entitled "Organizational Assignments".

It was, Mr Boal said, "a terrorist briefing note and code" mentioning Nato headquarters, the EEC, Zionist groups and Arab organizations considered "reactionary".

As Mr Boal introduced Mr I to the court as his first witness, the man's real name was passed on a piece of paper to Mr Justice Brown and the jury.

Speaking in English, the dissident said he had been serving an aeronautical engineering apprenticeship with a British airline when he was called back to Libya in August 1984 after the shooting of Yvonne Fletcher outside the Libyan People's Bureau some months earlier.

In Libya he was told by an acquaintance: "You have not done anything yet for your country and this is a good time to start doing something."

After returning to Britain last year, Mr I said he was telephoned by a man whom he called "Mr S" who he said was "a well known member of the Gaddafi regime, well known in Libya that is".

He was rung again and sent to meet a flight from Tripoli at Heathrow airport last August.

Mr I said he waited in the Libyan Arab airline office and approached a man who he took to be an airline captain from his insignia.

He asked the captain if there was anything for him on the flight and the officer said he knew of nothing but there was an extra member of the crew on the flight who might have something for him.

Later an man wearing what Mr I took to be the insignia of a first officer came into the airline office and handed him the plastic bag.

The hearing continues today.

'Travellers' forcing firms to close

By Peter Evans
Home Affairs Correspondent

Businesses have suffered so severely from the effects of "travelling people" that they have been forced to close or move, the Association of British Chambers of Commerce says in a report to the Home Office.

It describes the experiences of companies in seven areas which have suffered thousands of pounds in damage from regular thefts and vandalism, lost the confidence of visiting customers because of squalor, and had to protect women members of staff from sexual harassment.

Some companies have faced also heavy legal costs through trying to evict an illegal encampment on their land.

The report, which springs from support by the association and its member chambers of the Government's crime prevention campaign, lists the areas with "considerable problems" as Glasgow, Edinburgh, Bradford, Sheffield, Luton, Ipswich and Reading.

The problems are said by the association to be caused by large groups of "travelling people" who have occupied, illegally in most cases, unsuitable land.

The association says that amendments to the Public Order Acts to deal with "peace convicts" to enable trespassers in industrial areas to be dealt with similarly.

The first priority, it adds, must be to accelerate the provision of suitable, authorized, properly equipped sites.

Manslaughter charge denied by RUC officer

By Richard Ford

An RUC officer fired a plastic bullet at close range at a man during an abortive attempt to detain a Noraid leader, it was alleged yesterday.

Reserve Constable Nigel Hegarty was much nearer the man, who later died, than the 10 metres laid down in force instructions and later made several statements admitting that he had fired his gun in an unjustifiable manner, Belfast Crown Court was told.

Mr Hegarty, aged 28, whose address was given as RUC Carrick Fergus, denies the manslaughter of Mr Sean Downes, aged 22, who died after being hit as police attempted to arrest Martin Galvin, an American, as he addressed a Provisional Sinn Fein anti-internment rally in West Belfast two years ago.

The Noraid official had been banned from entering Northern Ireland and made a publicity-seeking appearance at the rally in Andersonstown which led to the death of Mr Downes.

Crown counsel told the court that after Mr Galvin was introduced by Mr Gerry Adams, PSF MP for West Belfast, police made their way through a crowd of 2,500 people in an attempt to detain him.

A number of plastic bullets were fired into the air and the reserve constable became separated from his section.

In later interviews the court was told that Mr Hegarty alleged that he had seen a man wielding a stick and was certain he was going to attack two police officers who were struggling with a member of the public.

Immediately after the incident Mr Hegarty allegedly told a superior officer he had fired five times but did not know if he had made any hits.

The trial continues today.

Operation admission by doctors

By Jill Sherman

Junior doctors admitted yesterday that they sometimes have to perform unsupervised operations which they have little experience of carrying out.

Most are emergency operations carried out during the evening and at weekends when consultants on call are stretched between accident and emergency departments at more than one hospital.

After the report by the College of Health trainee surgeons are putting patients at risk, Dr Peter Hawker, chairman of the British Medical Association's Hospital Ju-

nior Staff Committee, said that junior doctors with little experience may take on an operation only to find it is more complex than they realised.

"A doctor in training may think he has a case of appendicitis and then finds the patient has gastric cancer, needing much more complex surgery. He then finds he is out of his depth," he said.

A junior doctor could then find that the consultant on call was covering two National Health Service hospitals both admitting emergencies.

Dr Hawker said that in most cases the doctor could complete the first stage of the surgery and wait until the consultant arrived to complete the procedure. But he said that the longer the operation took, the higher the chance of post-operative infection.

He blamed the lack of supervision on the shortage of consultant posts and the fact that emergency operations were carried out at night because there was no theatre space the following day.

He called on health authorities to consider whether it was essential to have two hospitals within two or three miles of each other taking emergencies.



Ms Jane Hackworth-Young moves books to the new premises in Regent's Park, London yesterday as Sally Meades offers some protection from the rain.

National theatre heritage 'dying'

The British Theatre Association will collapse within the next three years unless the Government steps in immediately with financial backing, Ms Jane Hackworth-Young, the director of the association, said yesterday.

She was speaking on the first day of a week-long move to new rented offices and library in Regent's Park, central London.

The BTA sold its premises in Fitzroy Square, which it had occupied since 1935, because of financial difficulties. Ms Hackworth-Young said that the association, which was founded in 1919, needed financial backing amounting to £100,000 a year.

"We've been looking to the private sector for funds. But we can no longer survive with the little bits of money that we've been getting."

"The association represents British theatre throughout the century and the Government has a responsibility to help preserve that," she said.

The BTA organised the move of its library, one of the world's largest theatre libraries, containing over a quarter of a million books, in less than six months.

25 bailed at Heysel hearing

By Michael Horne

Extradition proceedings against 25 British football fans wanted for trial in Belgium on manslaughter charges after the Heysel Stadium riot in Brussels began in London yesterday.

All 25 men, who are receiving legal aid in a case expected to cost up to £500,000, were remanded until November 10 at Bow Street Magistrates' Court.

A twenty-sixth defendant, Mr Ronald O'Brien, an oil rig labourer, has not been traced by police at his home in Aberdeen and a warrant for his arrest was extended by Mr David Hopkins, the chief Metropolitan magistrate.

Defence lawyers protested after the hearing that the case should never have been brought and could take until 1988 to complete.

The 25 defendants sat quietly in the packed courtroom throughout the start of Britain's biggest ever extradition case.

Miss Helen Garlick, for the Director of Public Prosecutions, told the court that "by virtue of what they did in joint enterprise and by virtue of individual acts they are all charged with manslaughter".

Thirty-nine people died on May 29, 1985, when a wall at the stadium collapsed during rioting before the European Cup final match between Liverpool and Juventus.

All the defendants, most of whom are from Liverpool, were arrested on the basis of warrants served under the 1870 Extradition Treaty between Britain and Belgium.

Miss Garlick said that police in Liverpool, who studied video-film of the match in conjunction with inquiries by the Belgian authorities, had not been able to identify other alleged rioters.

Twenty-four of those who appeared yesterday were given unconditional bail at the end of the 45-minute hearing. Anthony Hogan, aged 22, was ordered to provide a surety of £200.

Sir Harry Livermore, representing three of the defendants, said after the hearing: "So far as my clients are concerned, their conduct does not come within 100 miles of manslaughter."

Council concern over private flat repairs

By Frances Gibb, Legal Affairs Correspondent

The Government is being urged to bring in legislation enabling councils to ensure that landlords of privately-owned flats carry out repairs.

There is concern among councils after a recent House of Lords' ruling that thousands of leaseholders of privately owned flats could be left without a means of redress when landlords fail to carry out their duties.

Westminster City Council, which has the biggest single concentration of privately owned flats in Britain, is appealing to Mr Patten, Minister for Housing and Construction, to legislate.

The Lords ruled in a case involving Croydon Borough Council that the authority had no right to require the owner of a block of flats to carry out repairs. The owner was held to be not in control because of the low ground rents.

Majority agree with equal age for retiring

By David Cross

Most men and women believe both sexes should have the same retirement age, according to a survey carried out by Market Opinion and Research International (MORI) for The Times.

The poll coincides with the announcement by Mecca Leisure, the entertainment conglomerate, that it is to introduce a revolutionary new scheme for its employees which would give them the right to retire at any time aged between 55 and 65.

The company said that the new arrangements will also provide identical pensions to men and women paying similar contributions.

The MORI poll, based on interviews with nearly 2,000 people aged 15 or over, shows that only 13 per cent of men and 15 per cent of women believe the legal retirement age should be different for the two sexes.

However, only a bare majority think it would be "fair" to raise the legal retirement age for women: 56 per cent of women and 48 per cent of men favour that. A majority of men over 55 would like to be able to retire, or to have retired, aged 60.

The survey was carried out by MORI after the Government's acceptance that it could not force women public-sector employees to retire earlier than men. The issue was also raised in the social security reviews undertaken by Mr Norman Fowler, Secretary of State for Social Services.

The poll also showed strong support for 60 as the legal retirement age, with 50 per cent of men and 52 per cent of women supporting it for both sexes.

Older people were slightly more prone to believe in different retirement ages for men and women. Only 13 per cent of those aged 15 to 34 thought they should retire at different ages, compared with 18 per cent of those aged over 65.

Only 33 per cent of men aged 15 to 34 would like to be able to retire on a full state pension at 60. But that proportion rose to 57 per cent among men in the 55 to 64 age bracket. About 62 per cent of women aged 15-34 thought it fair to raise the legal retirement age for women, compared with only 49 per cent of those over 65.

Commenting on the poll, the Confederation of British Industry said yesterday that it was broadly in favour of equal retirement ages for men and women between 60 and 65, but that these must be flexible.

Portfolio Gold—Solicitor shares dividend

A part-time accounts clerk and a solicitor share yesterday's Portfolio Gold dividend of £4,000.

Mrs Catherine Selby, aged 36, a solicitor, who works from her home at Sutton, Surrey, said she felt "amazed" about winning. "I thought that I was not having any luck."

She started playing the game in May when her husband, Peter, bought a new house. A mother-of-two, she intends to use the money to redecorate and refurbish the family's Edwardian home.

Mrs Selby said that she and her husband had been regular readers of The Times since they were students.

Mrs Betty Rudge, aged 59, a part-time accounts clerk from Aspley Guise, Bedfordshire, said she felt "quite excited" about winning.

Mrs Rudge, who has five children, said she would use the money "to buy something for my large family".

Readers who would like to play the game can obtain a Portfolio Gold card by sending a stamped addressed envelope to:

Portfolio Gold,
The Times,
PO Box 40,
Blackburn, BB1 6AJ.



Mrs Selby, joint winner.

Escaped bull rampaging on railway is shot

Police marksmen shot dead a bull yesterday after it escaped from Chelmsford cattle market, Essex, and charged on to the main Colchester to London railway line.

As British Rail brought services in and out of Chelmsford to a standstill, the bull's owner, cattle market workers and police spent more than an hour trying to capture it.

The police said the bull charged up and down the track and became agitated when it was cornered. It then charged two market workers who suffered cuts and bruises.

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ARMY CADET FORCE

SDP CONFERENCE

Energy debate

Taxation defence

Restraint on PR

Equal rights

Call for review of nuclear power

Social Democrats called yesterday for an urgent review of emergency plans for nuclear power stations, insisting that the plans should be made available to residents and defined in clear and simple terms.

Changes were made to the SDP green paper *Safe and Efficient Energy*, although the main motion carried by the Council for Social Democracy was to endorse its central proposals as the basis for further discussion.

The principal change backed the construction of new power stations, subject to a review of safety in the aftermath of Chernobyl, rather than the document's insistence that no new nuclear capacity should be ordered until the full causes and implications of Chernobyl were known.

Removed from the document was a section which stated that they could continue to operate existing nuclear power stations while reviewing them all to ensure that they satisfied the highest safety standards presently known. They would continue research and development into nuclear fission and the safe disposal of nuclear waste.

Until the full causes and implications of the Chernobyl disaster were known and new safety designs incorporated, no new nuclear capacity would be ordered.

This was replaced, by 117 votes to 109, by a long paragraph which stated: "Recognizing that coal will remain the principal fuel for

electricity generation well into the twenty-first century, we will undertake a stringent safety review of current nuclear power station designs and management, taking into account any lessons which may be learnt from the Chernobyl accident.

"Subject to a satisfactory outcome of this review we will construct additional nuclear power stations, if and when required, in order to ensure that our industries are able to obtain electricity at prices no greater than our competitors. We will continue to operate existing nuclear power stations while reviewing them all to ensure that they satisfy the highest safety standards known."

Some representatives in the conference hall were disappointed when it was ruled that because this was carried, another amendment calling for no more nuclear power stations automatically fell. Another amendment recommending that nuclear power should be progressively phased out was lost, mainly because it advocated a referendum on nuclear power.

An immediate investigation into the state of all nuclear power stations in Britain to ensure they conformed to the highest safety standards now known was advocated by Sir Leslie Murphy, chairman of the SDP energy working group, when he moved acceptance of the working party's paper.

He said that this country could influence international opinion on nuclear safety because of the advanced nature of our research into reactor design, waste management and reprocessing. But that influence would cease if we opted out of nuclear power.

The group also proposed that stations under construction should be completed, but subject to the proviso about safety standards, but that no new stations should be ordered until the full causes and implications of the Chernobyl disaster had been carefully studied.

That was not a policy for phasing out nuclear power, he emphasized, but a moral



Dr David Owen being smartened up by his wife Debbie before the arrival of Mr David Steel at the SDP conference in Harrogate yesterday (Photograph: Peter Trievnor)

torium on ordering new stations until safety standards had been satisfied.

Mr Chris Clarke, prospective parliamentary candidate for Bridgewater, moved an amendment calling for an urgent review of emergency plans for nuclear power stations and for such plans to be made available to residents and defined in clear and simple terms.

He said that Chernobyl had shaken people's confidence and had made people wonder what could happen in Britain.

Mrs Winifred Tumin, prospective parliamentary candidate for Wantage, moved an amendment proposing that subject to a satisfactory outcome of a stringent safety review of current nuclear power station designs and management, taking into account lessons from Chernobyl, additional nuclear power stations would be constructed, if and when required.

Existing nuclear power stations would continue to operate while reviewed to ensure that they satisfied the highest safety standards. Research and development into nuclear fission, fusion and the safe

disposal of nuclear waste would continue.

Nuclear power was needed and it would be mad not to continue with research and development.

Mr Keith Smith, prospective parliamentary candidate for Edinburgh Pentlands, moved an amendment ensuring the closure of Magnox power stations, which had now completed their design lifespan. Research and development into the disposal of nuclear waste would continue, and in view of the implications of the Chernobyl disaster no new power stations would be ordered.

Mrs Margaret Cooper, North Nottinghamshire, said she would like to see immediately the closure of the Thorpe reprocessing plant at Sellafield. They were laying up a lethal legacy in nuclear waste for future generations. She called for a new era of clean coal-fired power stations.

Mr John Grant, chairman of the Social Democrat trade unionists and a former MP, said understandable emotions about nuclear power were being ruthlessly exploited but there should not be contempt

uous disregard of those who worked in the nuclear industry. They could not brush aside the views of the workforce, thus accusing them of unthinkable callousness.

Replying to the debate, Mr Tom Burke, candidate for Surbiton and a member of the energy working party, urged rejection or remission of the amendments, said energy efficiency was top priority and would create many jobs. Labour policy was yet again a blank cheque for the unions. That was marginally better than the Tories who had no policy.

Mr Peter Walker, Secretary of State for Energy, had taken ministerial indulgence to new heights. Having established energy efficiency, the Government promptly cut home insulation grants.

After Chernobyl, it could not be business as usual but prejudice must not prevail. There was no case at present for ordering new nuclear stations. To treat offshore resources as a reserve would prevent stimulating exploration. They should not go into the business of making policy by holding referenda.

TAXATION

Taverne defends party's attempt at fairer system

The one thing the brouhaha over the SDP's taxation policy document and its indication that some people would pay more tax had done was to focus attention on their proposals, and Mr Dick Taverne, chairman of the party's tax and social security working party, told the conference that he had not come to apologise nor did he think they would wish him to.

During the debate, attacks by Mr Norman Tebbit, Conservative Party chairman, on the SDP tax plans were heavily criticized.

Mr Taverne conceded there had been some mistakes and misunderstandings but they should not be taken as a major reform of social security and the tax system there would not be misunderstanding, however good the public relations. Tory proposals had been a shambles and they still did not know how much Labour policies would cost.

He considered that if the Tory view of taxation prevailed Britain would have the deepest division between rich and poor in Europe. It would make Britain an increasingly unattractive and violent society, with the prospect of more riots, muggings, division, decay and despair.

He declared to loud applause: "I would rather we were criticized and attacked because we were honest than seek to bamboozle the public by concealing the truth."

Making clear that contrary to many press reports, Dr David Owen, the party leader, fully supported the proposals in the SDP policy document

Merging Tax and Benefits: Attacking Poverty. Mr Taverne said that when it had been indicated that some people would have to pay more tax, it was immediately assumed that everyone would be taxed out of existence. But the party wanted to make the system fairer and simpler and remove its absurdities and unfairness.

When people reasonably asked at what point people lost and gained, the answer, not easy to grasp at once, was that there was no one such point. If they reformed a system riddled with anomalies and substituted a much simpler, rational and fairer one, a lot of people at different income levels who gained from the present unfair anomalies, lost, and those who now lost from them, gained.

There was a scattered pattern of losers and gainers. That was why there was no simple break even point.

In addition they were not just distributing from the better off to the worse off, but they were helping people at the time in their life cycle when their expenses were greater, namely when they had dependent children. One-earner families with children gained right up to £17,000 a year.

Mr Taverne, who received a standing ovation, said few realized that under the present system a family with two children and a single earner with a family income of £15,000 a year paid £662 a year more in tax than the same family with two earners at £10,000 and £5,000.

WHIPS' REPORTS

Times put MPs in a 'panic'

A story in *The Times* on the work of MPs in the Commons had thrown Conservative and Labour members into a panic, Mr John Cartwright, MP for Wootton Bassett and SDP whip, said in his parliamentary report.

The story, he said, disclosed that 71 per cent of Alliance members had a high workload, compared with 44 per cent for Labour MPs and 27 per cent for Conservative back-benchers.

"For years Labour and Tories had been united in their cry that Alliance MPs were never present."

"Following that story they performed a complete and ingenious about-face and now they complain the Alliance is given too much time and too many opportunities in the House of Commons," he said (Laughter).

The Labour Party had finally woken up to the strength of the Alliance and the danger it posed at the next election, Mr Cartwright said.

As a result, all the ills of the left were put down to the Alliance by these delicate and shrinking violets who accused the Alliance of threatening the whole tone of British politics.

Lord Kilmarock, SDP whip in the House of Lords, said that both Houses were improperly constituted, and therefore at the mercy of particular interest groups.

The Alliance was the only political group remotely prepared to consider a whole package of constitutional reform.

WOMEN'S POLICY

Concept of division ridiculed

A separate women's policy was an admission of a lack of confidence and an idea as ridiculous as a men's policy, Mr David Fausler, Durham, said during a debate on women's policy.

He warned of the dangers of counting men out, of alienating well-meaning parts of the community, and of introducing the patronizing stereotyping they were trying to get rid of.

He said women's issues were society's issues. The door of equality was now open and they should stop hammering on it and walk through it.

The assembly endorsed the main principles of the Alliance policy proposal *Freedom and Choice for Women*: equal treatment of women and men in the tax and benefits system; equal opportunity for women in education, employment and public life; equal justice and security for women; recognition of the contribution to society of women and men as carers; and recognition of women's special needs as child bearers.

Miss Anne Ludbrook, Grampian, challenged the assumption that progress would be made only by women for women. "I ask you," she said, "do you think women's health services are safe in the hands of Mrs Edwina Currie?"

The Labour Party was performing a confidence trick by the establishment of women's sections and committees, which were designed to exclude women from places of power.

Miss Hilary Long, candidate for Bristol South, a member of the policy committee, said that the document demonstrated the large measure of agreement there was between the two parties in the Alliance on so many necessary reforms.

The aim of the document was to give freedom of choice to determine the direction of their lives in the same way as men.

Replying to Mr Faulder she said that the fact they had so many policies in the women's document duplicating those in other parts of Liberal and SDP policy was because they attached so much importance to them.

It was because women in the Liberal and SDP parties had influenced the making of policy so much that they did not have women's ghettos and women's sections.

Today's agenda

The conference will debate industry, industrial relations, health and community care, the National Health Service, as well as emergency motions on the Manchester Police Authority and Mr John Stalker, its Deputy Chief Constable, South Africa and British Coal. Mrs Shirley Williams, President, will address conference this afternoon.

COMMENTARY



Geoffrey Smith

In one critical respect every Social Democratic or Liberal conference is totally different from a Conservative or Labour gathering. When the Conservatives or Labour meet they are talking seriously about their plans for the next government. The ideas they put forward may or may not be realistic, but they mean it when they speak of a Conservative or Labour administration after the next election.

When Social Democrats or Liberals talk about what an Alliance government would do there is an air of unreality. Despite all the brave rhetoric, nobody truly expects the Alliance to take office on its own. So the decisions that really matter at a Social Democratic or Liberal conference are those which would affect the bargaining position of the Alliance if it were to hold the balance of power.

That is why the most important development at Harrogate yesterday was the decision, in effect, to give the party leadership a free hand in bargaining for PR in a hung Parliament. The conference was not renouncing its demand for PR. This would remain "a primary consideration" in any negotiations. But it would no longer be an absolute condition for an agreement.

Whether the Liberals are prepared to give their leadership the same freedom of manoeuvre will be seen next week in Eastbourne. Their passion for electoral reform is of longer standing and their case for bargaining may be less highly developed. But yesterday's move seemed to me a significant step in the right direction.

Significance of PR in any deal

Whenever there is discussion of a possible deal in a hung parliament, the speculation has up to now foundered sooner or later on PR. Could either the Conservatives or Labour be expected to go along with a fundamental constitutional change of this nature just to accommodate a smaller political grouping which happened to hold the balance of power?

Could the leaders of either major party persuade their supporters in and out of Parliament to accept a concession of this importance which most of them did not believe to be in the interest of their own party? Would it even be constitutionally seemly for a reform of this magnitude to be introduced as part of an exercise in horse-trading for office?

The idea of a referendum has been introduced either to still constitutional qualms or, more frequently, as a means of leading another party gently towards the promised land.

If the electoral system of this country were to be changed then it would certainly be constitutionally proper to require such a reform to be endorsed in a referendum. But that would be at the end of the process when it was known exactly how the new system would work.

To have a referendum as a first step would probably be unacceptable to hard-headed Conservative or Labour politicians for the very reason that it would have its attractions for the principle might create an irresistible momentum.

Danger of being too dogmatic

The Alliance would be painting itself into a corner if it were to insist that there would be no deal without a firm agreement either to legislate for PR or at least to have an early referendum.

Having fought an election emphasizing the parlous economic and social condition of the country, it would then be refusing to allow any government to be formed to deal with those problems unless its own pet constitutional reform were introduced at the same time. That would be elevating constitutional above bread and butter issues, which is not the way to win elections.

Such a stance would, therefore, reduce the Alliance's chances of sharing power, assure that it would be blamed for the early second election that would then become inevitable.

The Alliance would have an overriding interest in ensuring that a hung parliament led to a period of stable government. That is, after all, what it is offering the country, and it would stand a much better chance of achieving its objective if PR is an aspiration, not an albatross.

DEMOCRACY AND GOVERNMENT

Alliance urged to 'aim high'

Mr Roy Jenkins MP, one of the founders of the SDP, had a rapturous standing ovation for a speech in which he told the Alliance to aim high. Nothing was certain; anything was possible, he declared.

But he knew two things with absolute conviction. Another Parliament of Thatcherism would be devastating for the social cohesion of the country.

A Kincock government, freed maybe from some of the excess ideological baggage of 1983, but unshaken by authority, experience or intellectual ballast, would be a recipe for rash advance, rudderless retreat and abject disillusion.

Britain deserved something better. It deserved a government of verve and zest, as constitutionally objective as it was intellectually rigorous. That was what the Alliance alone could provide.

He was winding up a debate on freedom, democracy and better government in which the package of constitutional proposals in the Alliance document *Partnership for Progress* was generally welcomed.

Mr Jenkins said that political and institutional change now was not only right for its own sake, but could also provide an essential pathway towards a better national economic performance. Neither of the old recipes showed the slightest sign of preventing the constant erosion of Britain's competitive position and manufacturing base.

"I am convinced," he said "that the SDP and the Alliance must keep its sights high and firmly fixed on this comprehensive challenge to the old orthodoxy."

"We were not created to seek a seat at the existing top table of party politics. We were created to overturn that table because it had become a symbol not of good government but of bad, not of constructive dialogue but of futile squabbling, not of openness and respect for the citizen's rights but of an ineffective obscurantism. Government based on leaks from the top and prosecution lower down is an unacceptable hypocrisy."

The SDP did not wish to grow up like one of the two ugly sisters of British politics. If they merely turned the two-party system into one with three peas in the pod, they would almost inevitably be number three. "We must be an anti-party party," he declared to applause "seeking a different relationship with the electorate, and particularly the non-partisan electorate, from that of the dreadful two. We exist to broaden politics and not to narrow them."

They had to show they could work with others, that they could bring out agreements rather than disagreements. If they could not work with the Liberals they were not likely to convince the electorate they could work with anyone else. They had no idea how lucky they

were to have the Liberals to work with, rather than a different wing to their own of one of the allegedly united Labour or Conservative parties.

The Alliance policy document dealt with major and delicate constitutional issues but agreement on them between the SDP and the Liberals had been almost instinctive. In commending the package of reforms, Mr Robert Maclellan, MP for Caithness and Sutherland, and SDP spokesman on constitutional issues, had earlier picked out as principal priorities the need for a voting system of proportional representation and the introduction of a Bill of Rights.

He said that Britain was almost alone in the civilized developed world in lacking the possibility of taking the abusers of public power to court to provide a remedy. They need to be incorporated in the European convention of human rights into domestic law and establish a strong commission of human rights.

They were offering a Freedom of Information Bill, restoration of power to local government which had been stripped from it by Labour and Tory Governments, removal of the monopolistic control of power from Whitehall and Westminster, establishment of a Parliament for Scotland, a Welsh senate and regional assemblies. The essential task was to restore democracy.

Candidate resigns

A leading SDP member has decided to stand down as a parliamentary candidate after clashes with local Liberals over defence.

Mr Alan Lee Williams, who was parliamentary private secretary to Mr Denis Healey before resigning from the Labour party and supports a British independent nuclear deterrent, was picked by

Havering SDP for the Hornchurch constituency last July. But local Liberals refused to endorse his candidature.

In a letter to his local party, he says his profound doubts about the compromises required on nuclear weapons make it unlikely he will find the necessary support from Liberals.



Steel delivers election rallying call

"The Alliance is here to stay." That was the message delivered to conference by Mr David Steel, leader of the Liberal Party, who was accorded a prolonged standing ovation.

He said that the Alliance, in going into the next election, must push back the clouds of gloom that had covered the country for too many years, and let in vital rays of hope for all of its people.

The Alliance was heading into election year strong, determined and united. "There is no limit to what we can achieve when the election comes," he declared. He was confident they would face the electorate with a united and constructive policy on defence and disarmament.

Mr Steel maintained that the strength of the Alliance as a movement for reform was infinitely greater than that of the Labour Party.

Mr Kincock's main role, he said, was to perform as the great illusionist, apparently a fighter against extremism while in reality his party drifted ever further to the left. All the analyses of the new Labour parliamentary can-

didates replacing retiring and despatched MPs showed this fundamental shift.

He went on: "A man is known by the company he keeps and the company he shuns. Mr Kincock keeps company with the militants in his parliamentary party while trying to expel those in Liverpool."

"He shuns the company of journalists employed by Times Newspapers because they are in dispute with the print unions. He shuns the Union of Democratic Mineworkers with its 34,000 members, but appears at the Durham Miners' Gala with Mr Arthur Scargill."

"He has used the scrap with militants to divert public attention from the fact that the Labour Party has swung irretrievably to the left and the fact that trade union bosses still dominate Labour by their finance and block votes."

It was no wonder they now heard so little about the dream ticket of Kincock and Hattersley. They were dreaming all right, dreaming of a Labour victory. Their list of 131 target seats they hoped to win even included that at

Plymouth Devonport. (Laughter...Dr Owen's seat.)

"It is we," he continued, "who have got Labour on the run in many of their seats as we showed at Newcastle under Lyme and will show in Knowsley North. There is not a single example of the Conservative Party making headway against Labour. The seats Labour will lose on present showing will be to us."

While the old parties were competing for the privilege of managing Britain's continuing decline, the Alliance was committed to transforming the political system in order to rebuild the shattered economy and reunite the fractured society.

It angered him to see the widening gulf between the prosperity of London and the South-east and the relative poverty of the rest. The Thatcher years had been years of destruction. The anger he felt made him determined that the people of Britain must be offered a real alternative at the next election, an alternative to the deadening choice between an unreconstructed Labour Party and a burnt out Conservative Government.

"The consequences for Britain of a third term of Thatcher administration would be disastrous," Mr Steel said, "and the return of a Labour government with a new generation of ideologically blinkered MPs would be just as bad. The electorate is desperately looking for an alternative and we can, and must, provide it, overcoming the minor differences that remain between us on defence or anything else."

"Let us concentrate on the common commitment of the Liberals and Social Democrats to provide Britain with an enlightened Alliance government in which our highest priority is to talk to the people of this country, not to each other the whole time."

They should make national government once again an instrument of intense change in society and a focus for common good.

Last week's government reshuffle proved that the hard right had taken over.

"Thatcher closes are swarming all over Whitehall," he said.

PROPORTIONAL REPRESENTATION

Options must be kept open, says Rodgers

The commitment of the SDP to proportional representation was consistent, sustained and would continue, Mr William Rodgers, vice-president of the party, told conference, but the hands of the parliamentary party and leadership should not be tied in advance of the unknown situation which would exist after the next general election.

There would be no back-sliding on the commitment, he assured the assembly, in a debate in which concern was expressed that there was unease in the party that the leadership's commitment to PR might be less than absolute as the election approached.

He advised the amendment of a motion which committed the SDP to the immediate introduction of PR by a majority Alliance government, and to the earliest possible introduction as the minimum price of support for any non-Alliance government. This was endorsed overwhelmingly.

An amendment replacing the commitment with a provision that PR would be introduced within the lifetime of the Parliament by a majority government, and in the event of a balanced Parliament progress towards PR at all levels of government would be a primary consideration in the negotiations which followed, was carried overwhelmingly.

Mr Rodgers said that the SDP did not know whether it would be negotiating for PR or implementing it from a position of power after the election. The hands of the party could not be tied when decisions would have to be made in a tense moment.

Mr Fred Hughes, West Glamorgan, who moved the motion for immediate introduction, urged the party not to listen to the pragmatists, the wheelers and the dealers. Either they were committed to PR or it was just a desirable objective.

Hurd praises employment projects that reduce crime

By Peter Evans, Home Affairs Correspondent

More than 5,000 unemployed people are beginning to help win a battle against crime. They are paid by the Government under the community programme.

On Tyneside, school burglaries have been cut; in Chertsey, Surrey, fearful old people have been reassured; and at Kirby, Knowsley, drug offences, criminal damage and soliciting at one tower block have been almost eliminated.

The successes were mentioned yesterday by Mr Douglas Hurd, the Home Secretary, in launching a guide to ideas which, he said, can be usefully adapted to the needs of almost any community.

Mr Hurd, speaking at a crime prevention conference in Winchester, Hampshire, said that Mrs Margaret Thatcher's seminar at No 10 in January and his own follow-up in June "launched a series of highly practical projects to make our streets, homes and workplaces safer for us all".

He said: "Now the same message is to be carried out of London to the cities and counties."

At Mercer Heights, Knowsley, more than a third of the flats in one block were unoccupied and could not be re-let. The entrance, lifts and stairwells were affected by criminal damage, graffiti and litter. Tenants complained of drug misuse and prostitution in the entrances and burglaries to their flats.

As with other projects in the guide, the Mercer Heights watchdog scheme combines community programme funding with other resources. The

entrance area was redesigned. A telephone entry system was created and walls and floors redecorated, financed through the urban programme.

The community programme team provides a 24-hour concierge service for the building. If anyone tries to misuse the telephone entry system or if there is anti-social behaviour in and around the entrance, staff are instructed to deal with it themselves, or call the police.

All the flats are now occupied, with a resulting increase in local authority income, and tenants' morale is higher.

In North Tyneside, patrols with radio vehicles to enable them to remain in contact with base have been successful in reducing anti-social behaviour at schools which the borough education department wants to have broader community use. More use is now being made of them.

In Chertsey, many elderly people were worried about crime and how to protect their property.

A team of community programme counsellors shows a police video film on crime prevention to elderly people at day centres. It then discusses with them such topics as coping with callers who may be bogus, proper use of door chains, being prepared to make a 999 call, and defending the house with secure locks on doors and windows.

The community programme initiative for crime prevention work was launched last year jointly by the Home Office, the Department of Employment and the Manpower Services Commission.



The Rev Charles Kibicho making friends with the children of the West Pilton estate at the start of his 10-month mission.

The missionary who came out of Africa

The missionary, a figure long associated with good works in the remote parts of Africa, has come to Britain in the person of the Rev Charles Kibicho, aged 34, a Kenyan minister from the Presbyterian Church of East Africa.

For the next 10 months, Mr Kibicho will live in a council house in West Pilton, Edinburgh, with his wife, Ruth, and their two children.

He will work as an associate minister at the Old Kirk alongside the Rev Ian Moir, the resident minister. He will help to welcome people moving into a renovated estate and to spread the faith among the people there.

The final turn in the circle was initiated after a visit to

West Pilton by the general secretary of the Church of Scotland, a friend of Mr Moir, who suggested that money should be raised in his country to help church work in the area, one of the less well-off parts of Edinburgh.

The Church of Scotland thought it an even better idea if the money was used to send someone over.

Mr Kibicho said: "It is my first working trip overseas, but in Kenya I was trained to work in an urban environment. My coming here is a show of appreciation for what the Church of Scotland has done in the past to my country."

"I am looking forward to a nice time here, a time of work. I also hope to have seen much of Scotland before I leave."

More accountants to help police fight serious fraud

By Michael Horsnell

The specialist skills of volunteer accountants in helping police fight serious fraud in London has resulted in an 81 per cent conviction rate in cases brought to trial by the Director of Public Prosecutions.

Now panels of accountants are expected to be established to help police forces in other parts of the country as well as Customs and Excise.

That was announced yesterday when the results of a 12-month pilot scheme, in which accountants have given expert help, were disclosed by the Metropolitan and City Police, the Metropolitan Police Department and the Fraud Investigation Group of the DPP.

The pilot scheme was set up in 1984 after talks between Mr Leon Brittan, then Home Secretary, and Mr Douglas Lamblin, a council member of the Institute of Chartered Accountants.

It came in the wake of increasing fraud allegations and the difficulties in concluding prosecutions which were undermining the reputation of London as a financial centre.

A specialist panel of accountants was launched in July last year when 25 joined the panel.

In the past three years allegations of serious fraud referred to the DPP have risen from 304 to 593 last year.

Cases going to trial in the same period, once the less serious and disproved allegations had been weeded out, rose from 25 in 1983 to 93 in 1985.

The success of the accountants panel in London has led to concentration of limited

police resources on priority investigations and increased investigation efficiency.

Now talks are being held between Commander Malcolm Campbell, head of the Metropolitan and City Police Company Fraud Squad and Mr Lamblin for assistance to implement the recommendations of the Roskill report relating to the improved presentation of complicated evidence in court.

Mr Campbell said: "The assistance of accountants has enabled us to get to the core issues of some of the fraud investigations much more quickly than we could ever have done on our own."

Discussions will be held with the Association of Chief Police Officers to decide which constabularies require the specialist help of accountants panels. Cases referred to the DPP's office in 1985 involved sums of money at risk of up to £1,600m and of the 100 cases which were completed during the past 18 months about £12m was involved.

Mr Doiran Williams, controller of the fraud investigations group in the DPP's office, said that 460 cases are now under investigation and he predicted an increase in serious fraud for the rest of the decade.

He called for adequate reinforcements of manpower and technology to help combat the increase.

At his suggestion the originally free services of the accountants in London have been replaced by discounted fees considerably lower than accountants normally receive.

Bomb plot trial start is delayed

The trial of Thomas Maguire, of Milbourne Street, Blackpool, on a charge of conspiring to cause an explosion in Britain, was postponed for 24 hours by Mr Justice Boreham at the Central Criminal Court in London, yesterday.

The judge told a jury of seven women and five men: "I am not in a position to proceed with this trial at this moment for reasons I need not bother you with."

Mr Maguire, aged 27, denies conspiring "unlawfully and maliciously" with Patrick Magee, Patrick Murray, and other persons unknown, to cause by explosive substances an explosion in the United Kingdom of a nature likely to endanger life or to cause serious injury to property."

The alleged conspiracy took place between January 1, 1982, and April 27, 1983.

Two potential jurors were excused after the judge put questions to the jurors relating to bomb explosions and relatives in the armed services.

£200 given to plucky schoolboy

A schoolboy who helped to capture a convicted killer was awarded £200 by a judge at the Central Criminal Court in London yesterday.

Judge Richard Lowry, QC, said that Gary Chambers, aged 16, acted with "conspicuous and repeated courage" when faced with a man armed with a knife.

Ron Morgan, aged 36, of Cambridge Road, Kilburn, north London, was jailed for life after admitting robbing the boy and assaulting and imprisoning two women.

The court was told that Morgan had been committed to Broadmoor indefinitely in 1971 for stabbing a man to death during a fight in a public house. He was released in 1984.

A year later Morgan seized Gary, who was working as a part-time store assistant in Kilburn, and cut him with a knife while robbing a till of £200. Morgan fled into a shop where he held two women hostage. Police surrounded the shop and he surrendered.

Air defence: 2

Adaptability key to RAF system

Technology is moving so fast that change is almost continuous. Rodney Cowton, Defence Correspondent, in the second of two articles, explains that the new ground-based elements of Britain's air defence are designed to make future improvements as easy as possible.

One purpose of replacing radar and communication systems at the heart of defences against enemy air attack is to ensure that such reconstruction will not have to be done again in the foreseeable future.

The whole system has been designed to permit an almost constant process of updating without the need for radical reconstruction.

Already before the initial system is in use, developments and enhancements are being discussed. Those include the use of radars which can see over the horizon, and are therefore not limited by the Earth's curvature, and greater use of passive sensors to detect targets without making emissions which give away the location of radar sites.

The "core elements" of the system are expected to be in use within about 18 months, some way behind the original time-table, but not surprising, given the system's extreme complexity.

The main question is whether there will be any further slippage due to problems which may arise as complex equipment, and, in particular, vast amounts of computer software face the test of meeting operational standards.

For some time, probably almost up to the end of the decade, the new system and the old will operate in parallel, with parts of the old being

withdrawn as more of the new becomes available.

An important and distinguishing characteristic of the new system is that it will be able to withstand a great deal of damage and continue to function, with communications being automatically re-routed, or subordinate centres taking over from a command centre put out of use.

The summit of the system will be, as now, the national air defence operations centre at High Wycombe, Buckinghamshire, which will have an overall picture of the UK Air Defence Region.

The next tier will be two sector operations centres at Neatishead, East Anglia, and Buchan, on the north-east coast of Scotland, from where minute by minute control of air battles would be exercised.

Within each sector there will be two command and reporting centres responsible for tracking targets and controlling interceptor aircraft. Those will also be equipped to do the job of sector operations centres.

The end of this decade could be a gratifying time for the RAF. By then the ground-based radar and communication and control systems should be fully operational. All the air defence Tornados should be in service, and it may even have obtained a satisfactory airborne early warning aircraft. Concluded

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46-49	5.00	6.40	9.45	13.50	17.55
50-53	5.10	6.80	10.15	14.50	18.85
54-57	5.20	7.40	11.20	16.00	20.80
58-61	5.30	7.80	11.90	17.00	22.10
62-65	5.40	8.20	12.60	18.00	23.40
66-69	5.50	8.60	13.30	19.00	24.70
70-73	5.60	9.40	14.70	21.00	27.30
74-77	5.80	10.20	16.10	23.00	
78-81	6.00	10.80	17.15	24.50	
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South Africa appoints Coloured envoy to European Community

From Michael Hornsby, Johannesburg

A Durban law professor, Dr Bhadra Ranchod, aged 42, was yesterday appointed South Africa's Ambassador to the European Economic Community. He is the first ambassador of Indian origin, and the first of any colour other than white.

The South African Foreign Minister, Mr R F "Pik" Botha, said it was "in line with the Government's reform programme that the country should be represented abroad by a South African who has the qualifications for the job irrespective of the colour of his skin".

For some years recruitment to the foreign service has been formally colour-blind. There are eight Coloured (mixed-race) and Indian diplomats, but as yet no black Africans. Africans with the necessary qualifications and willingness to accept the political stigma

of such employment are likely to be small in number.

Foreign Ministry sources said yesterday it was "purely coincidental" that Dr Ranchod's appointment was announced on the same day EEC foreign ministers were meeting in Brussels to decide whether to impose limited economic sanctions against South Africa.

Dr Ranchod has been Dean of the Law Faculty at the University of Durban-Westville, the main institution of higher education for Indians, since 1976. Last year he was appointed to the board of the nominally independent, but in practice government-controlled, South African Broadcasting Corporation (SABC).

"I will try to represent all the people of South Africa, and to communicate to people in Europe a greater understanding of what is going on

here," Dr Ranchod said.

"We are not surprised by Dr Ranchod's acceptance of this posting," said Mr Ibrahim Goga, chairman of the Durban-based Democratic Lawyers' Association, which is active in the civil rights area. "He has made no contribution to the elevation of the oppressed in this country. We regard the appointment of black ambassadors as pure tokenism."

Born in 1944, Dr Ranchod read law at the University of Cape Town and obtained his doctorate at the University of Leiden in The Netherlands in 1972 with a thesis on the South African law of defamation. Research for the thesis took him to Queen's College, Cambridge, to study the English law of libel.

He visited Britain again in 1981 as a guest of the British Council and lectured at the universities of Edinburgh, Aberdeen, Glasgow and London. "One of the joys of my visit was meeting Lord Hailsham, the Lord Chancellor, who shares my belief in the need for a Bill of Human Rights," he said.

Dr Ranchod has argued strongly in favour of an entrenched Bill of Rights for South Africa. "I think that the European Convention, and the European Commission on Human Rights, could be a useful model, though it would have to be tailored to suit South Africa's needs," he said yesterday.

He is by no means a political radical, and would not have been appointed to the Brussels job if he was. But he has also been careful not to come out in open support of the tricameral parliament for whites, Coloureds and Indians, which is rejected by most members of his own community.

Dr Ranchod is married, and his wife, Vilha, and their two small daughters, aged two and three, and a half, will be moving with him to Brussels.



Professor Bhadra Ranchod, appointed Pretoria's EEC envoy, with his wife and daughter in Durban.

Police open fire in Sharpeville

Johannesburg — Four people were shot yesterday, one fatally, in the Sharpeville township, some 40 miles south of Johannesburg, by police employed by the town council (Michael Hornsby reports).

Violence erupted as groups of militant youths attempted to stop residents from going to work in nearby white towns. Residents said police used tear

gas to disperse a crowd of about 800 people who marched to the municipal offices to protest against the eviction of rent boycotters.

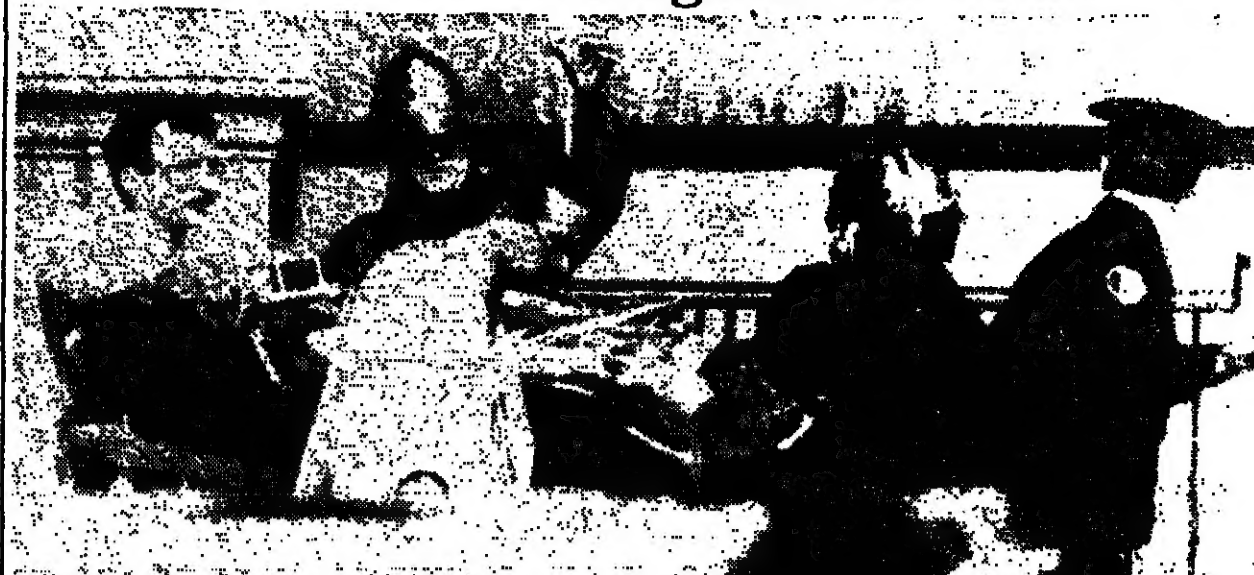
The deaths have not been confirmed by the Government's Bureau for Information, which said tear gas was used to disperse unlawful gatherings and groups of stone-throwers.

At least three people died in

Soweto during Sunday night in fighting between migrant workers and permanent residents in the Meadowlands district of the sprawling township, 10 miles south-west of Johannesburg.

● DURBAN: A man armed with a butcher's knife, who ran into a courtroom yesterday morning and tried to stab spectators and the magistrate, was shot dead

Innocent victims caught in terror blasts



One of 36 people injured, six seriously, in a blast at police headquarters in Paris yesterday being carried to an ambulance.

Paris goes in fear of wanton bombers

From Diana Geddes, Paris

For the first time since the latest wave of terrorist attacks began in France in December last year, there is a widespread feeling of uneasiness, bordering on real fear, in Paris. No one knows where the bombers might strike next.

Even at the height of the last serious terrorist wave in the capital in the summer of 1982, there was not the same generalised feeling of insecurity and impotence. At that time, it was more a question of specific targets — of Arabs attacking

Jews, of Armenians attacking Turks, or of left-wing radicals attacking Americans and defence establishments.

But now there are no specific targets. For the first time, the aim seems to be to strike indiscriminately at crowded public places in the hope of killing or maiming a maximum of innocent people and of creating a mood of fear and panic among the population.

People are beginning to ask: "Will I be next?" Many think twice before taking a Metro train, shopping in central Paris, or going out in the evening to one of the more

popular night spots in the capital.

Paris was filled with the wailing of police and ambulance sirens yesterday as hundreds of anxious people called police to report suspect packages, surmising the already greatly reinforced security forces to their limit. But no bomb alert could afford to be ignored, however improbable.

Whereas only a few months ago, many people were grumbling about the law and order measures introduced by the right-wing Government, complaining that they constituted

an infringement on their individual liberties, most now welcome the tough attitude, including the latest series of anti-terrorist measures.

The recent attacks have inevitably renewed calls for a return of the death penalty, abolished by the Socialists in 1982.

A recent poll showed that two-thirds of the French would like capital punishment re-introduced for terrorists. An overwhelming majority supported the Government's stand in refusing to give in to the terrorists' demands for the release of Arab prisoners.

CIA man's interview a KGB coup

From Christopher Walker, Moscow

The dramatic reappearance of Mr Edward Lee Howard, the Central Intelligence Agency defector, on Soviet television on Sunday night was seen by senior Western diplomats as a highly welcome propaganda coup for the KGB.

Now living in a Moscow suburb, Mr Howard disappeared from a housing estate 16 miles from Santa Fe, New Mexico, last September using counter-surveillance techniques originally taught to him by US spymasters as part of his training for a never-realised undercover role on the staff of the large US Embassy in Moscow.

At the time of his escape, he was under round-the-clock surveillance by the Federal Bureau of Investigation after being exposed as a Soviet "mole" by Mr Vasily Yurchenko, the mysterious on-off defector who is now back in the Soviet Union and is regarded by intelligence experts as having been a KGB agent deliberately planted in the West.

The experts believe that the "fingering" of Mr Howard may have been part of the price that Mr Yurchenko paid to try to prove his bona fides to the CIA. But the whole story of the affair may never be told accurately.

According to Western sources, Mr Yurchenko knew Mr Howard only by the code name "Roger", but his description of him simply as a former CIA employee who had been scheduled for Moscow was enough to enable Mr Yurchenko's then CIA defectors to identify the suspect.

Speaking English with a Russian translation that was not always word perfect, Mr Howard told Soviet viewers that he had escaped his FBI pursuers by "leaping from a speeding car into an empty space... With my training, I knew how to get away. I beat them at their own game."

In a report of his interview given by Tass, it was claimed that the former CIA agent believed to be the first to flee to the Soviet Union — had actually worked in the US Embassy here. But Mr Howard said that he had never taken up the assignment for which he was trained, a claim supported by US officials.

During his training in the US, Mr Howard and his wife Mary, whom he has left in the US with their young son, Lee, both trained together for the Moscow posting.

On television, Mr Howard used ungrammatical Russian, delivered with a heavy American accent, to tell his audience: "I want to thank you for the help that you have given me at a difficult time. I want to thank the Soviet people and the Soviet Government." Earlier, he claimed that about a quarter of the recruits in his CIA training class were women.

White House ties return of Daniloff to summit hopes

Washington (AP) — A US-Soviet summit might be put in jeopardy unless Mr Nicholas Daniloff, the American journalist, was allowed to return home, the White House chief of staff, Mr Donald Regan, said yesterday.

Mr Regan said the Reagan Administration would continue to keep negotiations for Mr Daniloff's full release "on a different track" from talks about a superpower summit.

"But if Daniloff isn't settled, it may put the summit in jeopardy," Mr Regan said. Mr Regan was reacting to calls by senators for tough measures against the Soviet Union unless Mr Daniloff is released, including a halt in discussions of a superpower summit, a cut-off of subsidised grain sales, and expulsion of Soviet spies.

Senator Richard Lugar, calling for "retaliatory action" against the Russians, said on Sunday that the Reagan Administration should refuse to discuss anything but the Daniloff case at a pre-summit planning meeting with the

Russians this week, unless Moscow freed Mr Daniloff.

Mr Regan refused to comment on negotiations for Mr Daniloff's release, or the possibility that a Soviet dossier could be included in a possible exchange.

He said the meeting between Mr George Shultz, the Secretary of State, and Mr Edward Shevardnadze, the Soviet Foreign Minister, would go on, "but we will take that opportunity to emphasize to them the seriousness that we view the Daniloff situation".

Mr Shevardnadze is scheduled to meet in a pre-summit planning session with Mr Shultz in New York on Friday and Saturday.

● MOSCOW: The Kremlin stepped up its propaganda campaign against Mr Daniloff by authorizing reports on Tass claiming that he was an agent working for the Central Intelligence Agency in Moscow and another alleging that many other American newsmen maintained links with the CIA (Christopher Walker writes).

The latest round in the war

of words between the two superpowers over the sensitive issue of espionage has convinced Western diplomats that, unless a quick solution to the complex Daniloff affair can be found, it will dominate the meeting in Washington later this week.

The harshly worded Tass story, headlined "Rejoinder", attempted to discredit all the claims of innocence made by Mr Daniloff at his crowded press conference here on Sunday. It also criticized the 100 or more Western journalists who attended for failing to prevent what it claimed was the expulsion of a Soviet reporter from the room.

Yesterday's attack has added to the conviction of many Moscow correspondents that one of the KGB's intentions in its vigorous pursuit of the Daniloff affair has been to try to weaken contacts between Western journalists and ordinary Soviet citizens.

Mr Daniloff left the American Embassy yesterday to return to his home and office in the Lenin Hills.

Reagan's daughter to get party post

Washington — President Reagan's daughter, Maureen, is to be named co-chairman of the Republican Party because her father intervened on her behalf, Republican sources say (Michael Binyon writes).

Mr Reagan told Mr Frank Fahrenkopf, the chairman of the Republican National Committee, at a White House meeting last week that he would like to see his daughter take over the party when Mrs Betty Heitmann, the incumbent, retires in January.

The post of co-chairman is largely ceremonial, but it is still the highest-level party post available to a woman until Mr Fahrenkopf leaves.

Nazi charges

Jerusalem (Reuters) — Israeli justice officials have prepared an indictment accusing the Ukrainian-born American, John Demjanjuk, of murdering thousands of Jews as a Nazi death camp guard known as "Ivan the Terrible".

Gold denial

Jakarta (Reuters) — Michael Hatcher, a British treasure hunter whose haul of gold bars and porcelain from a sunken Dutch ship fetched £10 million at auction, has denied that the Indonesian Government has any claim on it.

Hidden boats

Stockholm (AP) — A Swedish reconnaissance plane has photographed what appeared to be a Soviet merchant ship in the Baltic Sea with four hidden torpedo boats.

Aids child

Wellington (Reuters) — Eve van Graffhorst, a four-year-old Sydney girl with Aids who was banned from child care in Australia, began kindergarten classes in New Zealand.

Blaze anger

Delhi (Reuters) — Enraged survivors of a bus fire that killed four people attacked a police station to protest against the slowness of firemen and stopped only when police used tear gas.

Torture claim

Peking (Reuters) — A village Communist Party chief has been charged with illegally detaining 72 of his neighbours and torturing 17 of them after his bicycle bell was stolen.

Police killed

Lima (Reuters) — Peruvian left-wing guerrillas killed three policemen in Lima and stole 92,000 sticks of dynamite in the Andes.

UN General Assembly

Africans plan sanctions fight

From Zdzislaw Pysznicki, New York

African countries will seek to consolidate their growing political advantage over the West on the South African issue, forcing Britain to face its most difficult United Nations General Assembly in recent memory, when its sanctions policy is scrutinized at least four separate times in rapid succession.

After two decades of providing little more than a personal distraction, the debates on South Africa's system of apartheid, control of Namibia, and its acts of impunity against neighbouring states will go beyond rhetoric to take on practical significance during the 41st General Assembly session which convenes today.

Long accustomed to acquiescing to the British and American final word on economic sanctions, the African group at the UN has stumbled on the secret of timing, and is summoning all its means of pressure to complement the intensity of the anti-apartheid movement which has captured the imagination of the West.

Starting tomorrow, African foreign ministers will use the first of at least four debates throughout the course of the assembly to demand South Africa's economic isolation.

It is likely that, when their strategy to extract concessions from the West shifts to the Security Council later this month or early next, the Reagan Administration will have been obliged by Congress to adopt stronger sanctions than it would have wanted, leaving Britain feeling exposed on the Council.

Sir Geoffrey Howe, the Foreign Secretary, will have the formidable task of defending the Government's position

when he addresses the assembly next Tuesday.

East-West relations, the Middle East peace process, and terrorism are also expected to dominate the session as the new diplomatic season begins with the traditional New York gathering of heads of state and government, as well as foreign ministers, who use the first weeks of the general debate for dozens of bilateral meetings.

The Soviet Union, represented by Mr Edward Shevardnadze, the Foreign Minister, in keeping with past practice is expected to announce a new disarmament initiative, aimed at placing the United States on the defensive before a Third World audience which would like to see the superpower relationship define itself more clearly.

Mr Shevardnadze is expected to promote the idea of worldwide security arrangements patterned after the Helsinki Accord.

In his address before the assembly next Monday, President Reagan is likely to provide indications of the state of East-West relations which threatened to plunge out of control following the arrest in Moscow of Mr Nicholas Daniloff, correspondent of the US News & World Report.

Mr Reagan has traditionally used the occasion of his assembly address to take on the role of statesman and employ it as a means of transition from a hard-line ideologue to an unruffled peacemaker.

According to reports, Mr Reagan is also being urged to assure the UN membership of

America's commitment to the organization following a wave of congressional budget cuts which the UN Secretary-General, Javier Pérez de Cuellar, says are crippling the UN.

In addition to proposed deferrals, the congressional withholdings from the regular UN budget could reach \$149 million (£101 million), worth 70 per cent of the total the US is required to pay.

The situation has got so serious that, unless the funds are forthcoming, the Secretary-General may be forced to cut short the assembly session. In recent months, he has indicated that his decision to accept a second five-year term in office will rest on guarantees that the UN will remain financially solvent.

Señor Pérez de Cuellar's discreet brand of diplomacy is recognized by the five permanent members of the Security Council — Britain, France, China, the United States and the Soviet Union — as the ideal form of behaviour in a Secretary-General, but it is not clear whether they can meet his condition for staying on.

Diplomatic observers will be looking out for new moves in the Middle East peace process following the Egyptian-Israeli summit, in particular bilateral meetings between Israel and the Soviet Union.

The UN will be enjoined to give practical meanings to the pronouncements it has made against terrorism, but it is not clear whether a mooted initiative for setting up an anti-terrorist network to include a cross-section of governments will emerge.

Cuba lets 70 political prisoners go to US

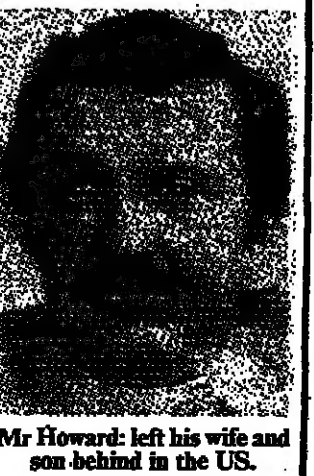
Miami (Reuters) — Seventy former Cuban political prisoners arrived at Miami airport yesterday in a release arranged in part by M Jacques Cousteau, the French underwater explorer, and a delegation of American Roman Catholic bishops.

All of the prisoners on the release list have served at least 10 years in Cuban jails and some were imprisoned for up

to 25 years, US immigration officials said.

Most of the new immigrants are in their 60s and 70s, and some had to be taken off the plane in wheelchairs.

Among the former prisoners was Señor Ramón Pedro Grau Alsina, aged 62, nephew of a former Cuban President, Ramón Grau San Martín, who headed the government from 1944 to 1948.



Mr Howard: left his wife and son behind in the US.

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US targets government staff in \$3bn boost to anti-drugs campaign

From Michael Binyon, Washington

President Reagan yesterday announced the second phase of his crusade to rid America of drugs, outlining a \$3 billion (\$2.03 billion) plan to step up drug tests, strengthen border patrols, increase funding for treatment centres and take the campaign to schools and offices.

The main provision will be the sharp increase in drug tests for government employees. Mr Reagan said all those in "sensitive positions", such as the police, those responsible for safety and anyone with classified information, would be included. Officials estimate that up to 1.1 million may be involved.

Mr Reagan also allocated an extra \$500 million to patrol the Mexican border and an extra \$100 million to improve treatment centres. He said the total of \$3.2 billion would be redirected from other government projects, and no new appropriations would be needed.

His emotional broadcast, one of the most forceful and effective of his presidency, has been warmly received in America, where the drugs

crisis has become the most pressing political issue in the run-up to the mid-term elections.

Citing the devastating statistics of drug use, Mr Reagan gave a forthright warning: "Drugs are menacing our society, they're threatening our institutions. They're killing our children."

Mrs Reagan, who has travelled more than 100,000 miles in her campaign to urge children to "say no", said there was no moral middle ground. "Indifference is not an option. We want you to help us create an outspoken intolerance for drug use."

In an effort to take the message to schools, the Education Department has distributed one million copies of a 78-page handbook giving guidelines to "help Americans slam the schoolhouse door" on drugs. They are being sent to every school, parent organization, police force and local authority in the country.

Mr William Bennett, the Education Secretary, said "we have to get tough and we have to do it now". The message,

being preached fortissimo from pulpits, political podiums and the press, has spurred a growing number of children to turn in their drug-taking parents.

The latest is a Californian girl, aged 12, who called the police to report her suspicions that her parents were "doing cocaine". Investigations found no cocaine, but six marijuana plants up to 4 ft tall in the back garden.

Indoors police discovered marijuana cigarettes and half a gramme of methamphetamine. The parents were arrested and released on bail. Their daughter and her sister are in protective custody.

"She did the right thing," a police spokesman said. "We don't see this as turning in the parents."

The President's measures are clearly intended to wrest the initiative from Congress, which is proposing draconian laws to fight the drug epidemic. Last Thursday the House of Representatives voted to impose the death penalty in drug-related murder cases.

A sweeping Bill authorizes more than \$4 billion for anti-drug measures over the next three years. The House also voted to allow illegally obtained evidence to be admissible in drug trials, prompting fears by civil libertarians that Congress was being swept along in a wave of national hysteria.



President and Mrs Reagan relaxing at the White House before announcing their drugs plan.

sible in drug trials, prompting fears by civil libertarians that Congress was being swept along in a wave of national hysteria.

The Senate Democrats are proposing to spend \$1.6 billion on similar measures. But the Senate may reject

the more controversial provisions on the death penalty — only the second federally authorized instance — and the use of illegal evidence.

Paris concentrates on deficit and tax cuts in budget plan

From Diana Geddes, Paris

Reduction of both taxes and the budget deficit are given top priority in the French Government's budget plans for next year, which were approved by the Cabinet yesterday. For the first time in 28 years, government spending is due to be reduced in real terms.

Total government spending is due to rise by just 1.8 per cent next year to 1,054 billion francs (£105 billion), while inflation is expected to go up by 2 per cent. The inflation rate for the past 12 months is already running at 2 per cent.

On the basis of a forecast growth rate of 2.8 per cent, the Government plans to bring down the budget deficit to 128.6 billion francs or 2.5 per cent of the gross domestic product. That represents a 16 billion franc cut in the deficit originally planned by the Socialists in their 1986 budget, though since reduced by the right-wing Government.

As already announced by M Edouard Balladur, the Finance Minister, taxes are to be reduced by 27 billion francs — a far cry from the Gaullists' election promise to reduce taxes by 40 billion francs a year. But it is a substantial effort which will result in average income-tax cuts of 3 to 4 per cent next year, with a further 5 per cent cut already promised for 1988, presidential election year.

Of the 27 billion francs tax cuts, 15 billion francs will go in cuts in personal taxes, including abolition of the wealth tax; a cut in the top income tax rate from 65 per cent to 58 per cent; total tax exemption for two million low-paid workers, bringing the total who pay no income tax to 11 million out of a workforce of 24.5 million; and a 30 per cent cut in income tax for another two million.

Those cuts will be almost exactly offset by the 15 billion franc increase in social security and pension fund contributions.

Business taxes are to be reduced by just over 11 billion francs, including a cut in the tax rate on company profits from 50 per cent to 45 per cent, and a 5 billion francs reduction in the so-called *taxe professionnelle*, a form of pay-roll tax.

That, with other measures previously announced, should mean that levies on companies are reduced by 25 billion francs between now and the end of 1987.

The tax and deficit cuts have inevitably meant that some reductions have had to be made in government spending. But the boost from the fall in the dollar rate with the expected extra revenue from the Government's privatization programme, has meant that the cuts are not so deep as originally feared.

Canadian crusade

From John Best, Ottawa

Mr Brian Mulroney, the Canadian Prime Minister, has committed his Conservative Government to a campaign to eradicate drug abuse in Canada which, he says, has reached epidemic proportions.

Talking to reporters in Vancouver at the weekend, Mr Mulroney said the campaign would embrace both education and new measures under the criminal code. He did not go into details.

The move clearly mirrors the crusade against drug abuse in the United States being led by President and Mrs Reagan.

Canadians spend an estimated \$20 billion annually on illegally sold drugs,

according to the Royal Canadian Mounted Police.

Mr Mulroney said he did not wish to be alarmist, but a weekend radio programme had brought home to him the "serious dimension" of the problem of heroin use in Montreal.

The Prime Minister made his comments after a speech in which he described drug abuse as "an epidemic which undermines our economic as well as our social fabric."

The present Parliament, which reconvenes on October 1, will enact "important legislation" to deal with this and other social ills.

Greek earthquake

Experts expecting more shocks soon

From Mario Modiano, Athens

Greek seismologists were worried yesterday that last Saturday's earthquake which ravaged the coastal town of Kalamata was a sign that the Hellenic Arc, a seismic belt around southern Greece which has been unusually quiet this century, has become active again.

Dr Yiannis Drakopoulos, the seismology professor who heads the State Agency for Earthquake Protection and Planning, flew to Kalamata yesterday to set up portable seismographs to record post-earthquake activity, which he found to be unusually low.

He has been urging Kalamata's 42,000 inhabitants to keep away from their homes for at least 10 to 15 more days. His point was proved yesterday when three strong tremors caused buildings, weakened by the first shock, to collapse.

Nearly 70 per cent of the houses in the city sustained serious damage from Saturday's shock, which measured 6.2 on the Richter scale. What appears to be worrying Dr Drakopoulos is that a great deal of subterranean energy has been accumulating in the region for several decades waiting to be released.

"Another major quake cannot be ruled out," he said.

Seismologists say the region's high seismicity is due to a collision beneath the Earth's crust of the land mass of Africa with that of Europe and Asia five million years ago.

They expect a powerful earthquake of a Richter magnitude of more than 7 points to occur in southern Greece or Crete by the year 2000.

Dr Drakopoulos said: "This area lies on the Hellenic Arc which begins in the Ionian Sea, swings east under the Peloponnese, then turns to the Dodecanese islands. This is where the African lithosphere is dipping under the Euro-Asian plate at the rate of 2.5 centimetres a year."

The result of this displacement is geological deformations along the axis, building up pressures which can only be released through earthquakes. The Peloponnese is regularly jolted by tremors. The earliest one on record was in 464 BC. It razed Sparta and the helots, the local serfs, a chance to revolt and escape, touching off the sequence of events that led to the Peloponnesian War. Between 1867 and 1947 the region suffered hundreds of earthquakes shocks, six of them above 7 points on the Richter scale.

Scientists have suggested that the collision of the two lithospheres, some 60 miles below the Earth's surface, has been causing the island of Crete to be uplifted at both ends, while the centre of the Peloponnese appears to be doming upwards. The prophecy is that the Aegean Sea will disappear in the course of the next 10 million years.

Briton is sacked by Somalia

From Charles Harrison, Nairobi

Professor Richard Greenfield, a Briton, aged 55, who has had a close relationship with the Government of Somalia for the past nine years, acting as a high-level political adviser, has been sacked because he relayed the concern of many Somalis about political detentions in their country.

Professor Greenfield expressed regret at the Somali's actions, which he said contrasted strangely with Somalia's views on political prisoners in South Africa expressed at the non-aligned summit in Harare.

Last May he attended an international conference in Rome. As chairman of the British group, he read out a resolution from that group, pleading for the release of intellectuals now held as political prisoners in Somalia.

The conference chairman, a Somali Government consultant, ruled the resolution out of order and Professor Greenfield was recently summoned to Mogadishu and questioned before being dismissed.

Hungary waits for a Primate

From Richard Bassett, Vienna

The future of relations between the Roman Catholic Church and the state in Hungary is expected to be decided this week when a new Primate is appointed to succeed Cardinal László Lékai who died earlier this summer.

During his office, relations between the Church and state were on the whole harmonious, partly because of his support of the state over such contentious issues as conscientious objectors.

In particular, the cardinal's opposition to the base communities of Father György Bulanyi, which preach opposition to military service and some of whose members have been imprisoned, was criticized by some Vatican circles. Rome is known to favour as Lékai's successor someone prepared to be more critical of the regime.

The candidate most favoured by the Government is the Bishop of Pécs, Mgr József Cserháti. But Rome is likely to press for either János Fabian or László Puskás, both of whom have reputations

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56p 49p Home Grown Potatoes 2kg pack.

59p 49p Sainsbury's Mr Men Yogurts 4 x 125g

99p 95p Sainsbury's Australian Cheddar, per lb.

80p 59p Sainsbury's Fresh Whole Chicken, per lb. (up to 3lb 8oz).

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Socialists seek a November poll as Vienna coalition splits

From Richard Bassett, Vienna

Dr Franz Vranitzky, the Austrian Chancellor, yesterday called for a new general election in November after the promotion of the extreme right-wing nationalist, Herr Jörg Haider, to the leadership of the Freedom Party, the junior partner in Austria's coalition Government.

Herr Haider, whose pan-German right-wing views have made him something of an enfant terrible in Austrian politics, was voted the new leader at the party congress in Innsbruck at the weekend.

Amid unprecedented scenes of emotional support, Herr Haider's victory was seen to herald a new era for his party, which for years has been an uneasy alliance of liberals and German nationalists.

But for Dr Vranitzky's Socialist-Freedom Party coalition Government, the elevation of Herr Haider spells the end of the partnership which has ruled Austria since 1983.

While the Freedom Party was led by Herr Norbert Steger, a colourless, unpopular but moderate politician, the extreme right-wing element of the party could be ignored by the Socialists. But Dr Vranitzky, though on the right of his Socialist Party, has never concealed his loathing for the nationalist element in the Freedom Party. Long before Herr Haider's win, the Chancellor had observed that "worlds separate us".

Yesterday Dr Vranitzky insisted that Herr Haider's victory had pushed the liberal tendencies of his party into "the background".

"Whatever Haider says now, what he has said before prevents any close working relationship with Austria's Socialists in the future," he said.

Herr Vranitzky made it clear that, if his Socialist Party did not obtain an overall majority at the next election, he would prefer to work with the conservative People's Party rather than with Herr Haider.

Italy's court overturned TV host's conviction

Naples (AP) — An appeal court yesterday overturned the conviction of a former TV talk show host, whose case raised questions about the use of testimony from gangsters who turn informers.

Signor Enzo Tortora was sentenced to 10 years' jail in September 1985 on charges of drug trafficking and membership of the Camorra crime organization in Naples.

The tiny Radical Party took up Signor Tortora's defence after his arrest in June 1983.

The Radicals and other civil rights groups had questioned the state's use of alleged repentant criminals as witnesses, on the ground that they could not be trusted.

President Aquino of the Philippines waving as she leaves for the US to hold talks with President Reagan and to lobby international bankers to ease the "unfair" financial debt she inherited from the ousted leader, Mr Ferdinand Marcos.

After full military honours, Mrs Aquino and her official 11-member party left on a commercial flight for an eight-day visit, which includes speeches to a joint session of Congress and the United Nations General Assembly.

Security forces will remain on full alert during her absence, but Mrs Aquino brushed aside widespread rumours of a military coup.

General Fidel Ramos, the armed forces' chief, pledged full military support for Mrs Aquino.

Rebel toll: Ten people, including a police commander and a village chief, were killed in rebel attacks in three provinces (AP reports).

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Mexican economy in crisis Question mark hangs over independence from US

From Alan Robinson, Mexico City

Mexico today celebrates the 176th anniversary of its Proclamation of Independence from Spain, but many Mexicans are wondering if the nation is truly independent from the United States.

Tonight President Miguel de la Madrid will repeat the words of Father Miguel Hidalgo, the parish priest who rang the bell of his church in Dolores Hidalgo in 1810 to call the Mexican people to arms against the Spaniards.

When Señor de la Madrid rings the Bell of Dolores more than 500,000 Mexicans jamming the great Constitution Plaza will join the nationwide chorus of "Viva Mexico".

But when the shouting fades and the fireworks die, the doubts will remain. Has Señor de la Madrid reversed decades of Mexican economic policy because he feels his Institutional Revolutionary Party (PRI) and its seemingly interminable governments have been walking the wrong path? Or has he merely buckled under some very clear pressure from the Reagan Administration?

The truth probably lies between the two extremes. "The US is pushing Mexico into the last third of the 20th century," one foreign banker believes. "But Mexico is not going without a struggle."

The agreement recently signed with the International Monetary Fund is being viewed in Mexico as a victory for the Reagan Administration. Mexican political analysts say that in return for persuading the IMF to depart very slightly from its traditional prescription for ailing Third World economies, the US has won from Mexico changes it has been urging for years.

Although the Government has cloaked the IMF agreement in the usual rhetoric of sovereignty, there is no hiding the fact that it has had to swallow the Reagan recipe for Third World success: prudency, privatization, free trade and foreign investment.

As a conservative, Señor de la Madrid has some sympathy for such policies. But Mexican nationalists who cannot be seen to bow supinely before the pressures of their powerful neighbour to the north.

Weakened by its worst economic crisis since revolutionary times, Mexico has agreed to get rid of some 300 state-owned companies in short order.

It will continue to cut subsidies for food, transport and the parastatal sector. It has become a member of the General Agreement on Tariffs and Trade (GATT), has already lowered import barriers considerably, and has undertaken

warships, may be delayed until next year, Mr David Lange, the Prime Minister, said yesterday.

But he emphasized that the delay was likely only because of pressure of business on the

parliamentary Order Paper.

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Student shot dead in Sudan protest

Khartoum (AFP) — Police opened fire in southern Darfur province during protests about shortages of staple goods, killing a student and wounding a number of other people, the Communist Party newspaper *al-Maidn* said yesterday.

It said tear-gas volleys in the provincial capital of Nyala failed to disperse the demonstrators before the police opened fire.

Drugs haul

Bazilo, Netherlands (Reuters) — Dutch police seized 1,584 lb of hashish on a converted wartime torpedo boat in a lock on the border with West Germany and arrested two West Germans.

Fake fish eye

Brussels (Reuters) — A tropical fish belonging to a rare species has been given a glass eye by university zoologists at Liege University after going partially blind.

Body in flat

Paris (AFP) — The naked body of a murdered man, a domestic servant, was found in the flat of M Yves Mourousi, France's highest-paid television newscaster.

Etna lava

Catania (Reuters) — Molten lava oozed down the north-eastern slope of Mount Etna into a deserted area after an eruption near the summit.

Bomb deaths

Dhaka (Reuters) — At least two people died and seven were injured when homemade bombs exploded in a clandestine manufacturing plant.

Inquiry urged on south Lebanon

By Caroline Moorehead

A full investigation into reports of torture of prisoners in Israeli-occupied territory and under Israeli supervision in south Lebanon, is being called for by Amnesty International which reveals today that it has already appealed, without success, to the Israeli authorities to set up independent inquiries.

Detailed accounts of torture come from former prisoners held in Khiam prison in south Lebanon in the "security zone" established by Israeli

An anonymous appointee yesterday replaced Mr Avraham Shalom as head of the Israeli general security service, Shin Bet (David Bernstein writes).

Mr Shalom was implicated in the killing of two Arab guerrillas more than two years ago and in the subsequent cover-up of the affair.

forces adjoining the Israeli border.

There Christian militiamen, under Israeli supervision, are said to have beaten and burnt detainees; electric shocks have been used on prisoners who also report being suspended by their wrists from a crossbar.

More than 200 people, some of them teenagers, women and old men, are thought to be held at Khiam. They have not been formally charged and have been denied the right to see lawyers. The International Committee of the Red Cross

has not been allowed to see them.

The story of a Palestinian arrested in Ramallah on the occupied West Bank of the Jordan River is typical, says Amnesty, of the steady flow of torture allegations.

Adnan Mansour Ghannem was arrested in December 1985 on suspicion of renewing activity in the Palestine Liberation Organization, having been freed only seven months earlier after spending 17½ years in detention for armed infiltration into occupied territory.

Taken to Gaza Prison, he was beaten, forced to stand for long periods hooded and handcuffed, prevented from sleeping and subjected to long ice-cold showers.

Later, he claimed that his interrogators held him down on the floor and allowed him to breathe only long enough to answer when they ordered him to confess to offences.

The right to legal representation and to visits by the ICRC is designed to prevent the torture of prisoners in the occupied territories. According to Amnesty International, these procedural safeguards are not working.

Military officials here said the general, who went on leave Friday to Lapland, would fly back to the Middle East. M Chirac violently criticized the UN for allowing General Haegglund to go on leave despite a series of attacks on French soldiers in Unifil, and demanded his return.

PRISONERS OF CONSCIENCE

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ABBEE NATIONAL HIGHER INTEREST ACCOUNT

Shadow cast over Seoul Olympics

Blast ends hope for Korean conciliation

By David Watts

The bodies and broken glass at Seoul airport at the weekend signified the death of the best hopes for conciliation on the Korean peninsula in decades and cast an ominous shadow over the 1988 Olympics.

Though hard evidence has yet to be found, there is little doubt that the North Koreans or their extremist student allies in Seoul were behind the attack.

Either way it makes little difference: it is clear that the North is not willing to give sports diplomacy a chance of easing tensions at the Asian Games, beginning on Saturday, or give up its attempt to rob South Korea of the supreme diplomatic coup which the Olympics represent.

It is also a pointed personal rejection of President Chun Doo Hwan's attempt to get talks going between North and South at the highest level.

Answering questions from *The Times* in the spring before his visit to Britain, President Chun said he hoped to meet President Kim Il Sung of North Korea before the end of this year.

The Kimpo airport blast puts paid to any hope of that meeting taking place for the present or any of the lower-level meetings on economic or other subjects which have been in abeyance since last year.

The bomb was most probably both a crude attempt to stop visitors going to the Asian Games and also an unmistakable threat to the South over the Olympics, illustrating that unless the



President Chun Doo Hwan checking security at the Asian Games village in Seoul, while riot police block entry to the capital's Haanyang University.

South yields to Northern demands on the naming, co-hosting and revenues from the Games, Pyongyang is able to frighten away enough potential visitors to make the Olympics an extremely expensive pyrrhic victory for the South.

The Northerners appear to have already prepared some facilities for the 1988 Games, as though their co-hosting of them were a foregone conclusion.

They have also been driving a hard bargain in talks with

the South, seeking not only half the events but half the revenues from lucrative television contracts.

They are unlikely to be bought off with such gestures as the renaming of the Games as the Seoul-Pyongyang Olympics, even if the Olympic rules permitted it.

The holding of the Olympics in Seoul is much more than the world's premier sporting event to the North.

It will represent the ultimate expression of the world's approval of the Southern success

story. Equally dramatically, it will illustrate the manifest failure of the North to find acceptance of itself or its system outside the communist world and the non-aligned movement.

When the Olympic Games start in Seoul, the North will find itself not only isolated from the non-communist world but most of the Eastern bloc as well.

These countries can hardly be expected to keep their athletes away from yet another Olympics over an issue

which is scarcely at the top of their agenda.

North Korea's two big-power friends are the Soviet Union and China, in that order, with Moscow seeming to have the preponderant influence in Pyongyang at the moment.

China is sending a large squad to the Asian Games and is showing every intention of being represented at the Olympics. China's interests lie not in disruption on the Korean peninsula but in the building up of its economy

with important new Asian links.

New military equipment from the Soviet Union to match deliveries to South Korea of sophisticated American F16 jets coincides with the need of Mr Kim Jong Il, President Kim's son and designated successor, to prove he has the right stuff to succeed his father.

International sports gatherings make choice targets for a son needing to prove his spurs in a society where the normal rules do not apply.

Russia set to update plants built in China

Peking (AFP) — The Soviet First Deputy Prime Minister, Mr Nikolai Talyzin, left here yesterday after a week-long visit which sources said could lead to modernization by the Soviet Union of about 100 Chinese enterprises.

Mr Talyzin, the highest-ranking Soviet official to visit China in 17 years, met several senior Chinese officials including the Prime Minister, Mr Zhao Ziyang.

The visit put final touches to a programme for modernizing 17 Chinese plants built with Soviet aid during the 1950s which would involve the sending of more than 100 Soviet experts to China for the first time in 26 years.

As many as 100 Chinese enterprises across the country could be brought up to date with the help of Soviet technology and experts, the sources added.

● Nuclear deal: China and Pakistan yesterday signed an agreement in Peking on co-operation in nuclear energy, the Chinese Foreign Ministry announced. It was signed by the Pakistani Foreign Minister, Mr Yaqub Khan, and his Chinese counterpart, Mr Wu Xueshan. Mr Zhao attended the ceremony.

The official New China News Agency said agreement concerned co-operation in the peaceful use of nuclear energy.

India and the Soviet Union accused China late last year of allowing Pakistan to carry out its first nuclear test in a remote region in north-west China, a charge denied by both Peking and Islamabad.

Duarte's hopes of peace talks look slim

Panama City (Reuters) — Negotiations aimed at laying the groundwork for peace talks on Friday in El Salvador have collapsed.

Salvadoran officials and rebel leaders, meeting here for three days last week, said they wanted the talks to proceed as scheduled in the town of Seseori, El Salvador.

The officials blamed the left-wing rebels for scuttling the Seseori talks because of guerrilla objections to government-proposed security measures.

In another news conference, the rebels said they had offered to meet the government delegation again within 10 days to try to remove obstacles to new peace talks.

The rebels have been fighting the US-backed Government for nearly seven years. Two rounds of peace talks were held in October and November 1984, but they ended in stalemate with each side accusing the other of exploiting the talks solely for propaganda value.

The government team said President Duarte and other officials would go to Seseori anyway, hoping for a late change of heart by the guerrillas.

The Minister of Communications and Culture, Señor Julio Adolfo Ruy Prendes, said the disagreement centred on the rebels' call for a nationwide truce while peace talks were under way, and their demand that a demilitarized zone be created in and around Seseori, 95 miles north-east of San Salvador.

Security tightened for Asian Games

Seoul (Reuters) — Señor Juan Antonio Samaranch, the International Olympic Committee (IOC) president, said yesterday he was sure the Asian Games in Seoul would be a success despite the bomb blast at Seoul airport.

He said at the airport: "I deplore the fact that terrorism threatens people not only in Seoul but in many parts of the world. But I am sure it (the Games) will be a success."

Señor Samaranch arrived amid tight security to attend an IOC executive board meeting today and the opening ceremony next Saturday.

South Korea said it had put its 100,000-strong police on yet higher alert.

Mr Kang Min Chang, the national police chief, said investigations believed they saw North Korea's hand behind the bombings.

President Chun Doo Hwan, who has frequently said communist North Korea might send agents to sabotage the Games, yesterday ordered the

Foreign Ministry to issue assurances to participating countries that the bombing would not affect the Games.

About 6,000 players and officials from 28 countries are expected to attend. Mr Chun inspected the damage at the airport yesterday and visited the athletes' village.

Police said a number of foreign embassies and news organizations had received anonymous calls claiming responsibility for the blast.

But the police said they had discounted the claims, apparently made by young left-wing militants, after investigations.

● TOKYO: President Ortega of Nicaragua has said his country will boycott the 1988 Seoul Olympics unless North Korea is made co-host of the Games (Reuters reports).

President Ortega was speaking at a banquet in his honour hosted by President Kim Il Sung of North Korea in Pyongyang on Sunday, according to the North Korean Central News Agency.

Roadblock protest by Gurkhas

From Our Correspondent Delhi

The Gurkha National Liberation Front (GNLF) has begun halting and unloading timber trucks as the latest step in its campaign for more autonomy in northern India.

Front members blocked several roads near Darjeeling in West Bengal state on Saturday and removed timber from six trucks before allowing them to proceed. The GNLF argues that timber merchants are stripping the district of its forests and damaging the environment.

In recent weeks the Gurkhas, who are Indians of Nepalese descent, have clashed with Marxist unions controlling the tea gardens in an effort to halt harvesting. They have also blockaded roads round Darjeeling, the tea capital, to interfere with the tourist trade. Hotel occupancy in recent weeks has fallen to less than 20 per cent.

The GNLF says the state government neglects the district and has called for creation of a Gurkhaland state. It is also demanding citizenship rights for Nepalis who have settled in India. At least 25 people have been killed and 50 injured in clashes since May.

Cambodia orphans get revenge

From Neil Kelly Bangkok

The Vietnamese-supported Government of Cambodia has mobilized young men orphaned by the former Khmer Rouge regime into "revenge" battalions to fight resistance guerrillas, according to officials of the anti-Vietnamese coalition based on the Thai border.

They say 200 youngsters, aged between 14 and 20, are fighting guerrillas and that 1,000 more are being trained in Vietnam.

Resistance officials say the new units have shown hatred and courage in clashes with guerrillas in western and central Cambodia. Although military activity is at a low level because of monsoon rains, the young soldiers are reported to be inflicting significant casualties on guerrillas of the Khmer Rouge, which they blame for the loss of their families.

The Khmer Rouge under Pol Pot has been accused of the mass slaughter of huge numbers of Cambodians.

Foreign diplomats in Vietnam say the authorities there appear to be looking to the "Pol Pot orphans", as the future leaders of their country.

World Bridge

British pair beat odds

From A Bridge Correspondent, Miami Beach, Florida

Britain with only three pairs in a field of 420 pairs took fourth place behind three pairs from the US in the world mixed pairs championship.

Kitty Bethe, an American living in London, was partnered by Barry Rigal, also of London, and one of our leading young players.

Rigal first made his mark in the Oxford University team went on to represent Britain at junior level and promises to 80 even further.

The winners, Jon and Pamela Wittes from Los Alamitos, play little bridge outside their own region though two years ago they won a national championship.

In the final session they held off a strong challenge from Kerry Shuman and Bob Hamman.

The leaders and their scores were:

1) Jon and Pamela Wittes (US), 23,124; 2) Kerry Shuman and Bob Hamman (US), 22,474; 3) Rozanne and Bill Pollack (US), 22,410; 4) Kitty Bethe and Barry Rigal (Britain), 22,208.

Other British places were Fiona Brickwood and Lovis Kaplan (251), Olive and Keith Russell (386).

Play began yesterday in the World KO Teams championship, a long tournament with a top class field.



A small sign of the times for British Rail.

In the financial year 1985/86, British Rail made a profit of just over £1m. The size of the profit is not particularly significant, but the fact of it is, when compared with a loss of £420m in the previous year.

Because that profit, small though it may be, is just one example of the new spirit invigorating British Rail.

It means that British Rail was able to reduce its call on government support (and that means money from you, the tax payer) for the second year in succession while launching a £2bn renewal programme — the biggest investment in the railways for over a quarter of a century.

What this means for BR's customers was spelt out by Sir Robert Reid, Chairman of British Rail, when he said "As we earn more money as a business, we can afford to put more back into improving service."

Last year, British Rail did earn a lot more. Passenger volume was higher than at any time since 1979. InterCity services earned more than they have for ten years. Both Network SouthEast and Provincial earnings increased. Both Railfreight and Red Star grew.

But it was not just a matter of earning more, we also delivered more. Over 200 brand-new Pacer and Sprinter trains, new Pullman services, twice as many charter trains, and new

stations as well as improved facilities at existing stations.

Today, British Rail's finances are firmly under control and both passenger and freight traffic are increasing.

The huge investment in the renewal of our railways is enabling more new equipment and improved services to come into operation than at any time in the last 30 years.



Student shot dead in Sudan protest

Drugs haul

Lake fish

Body in fire

Final lava

Bomb dead

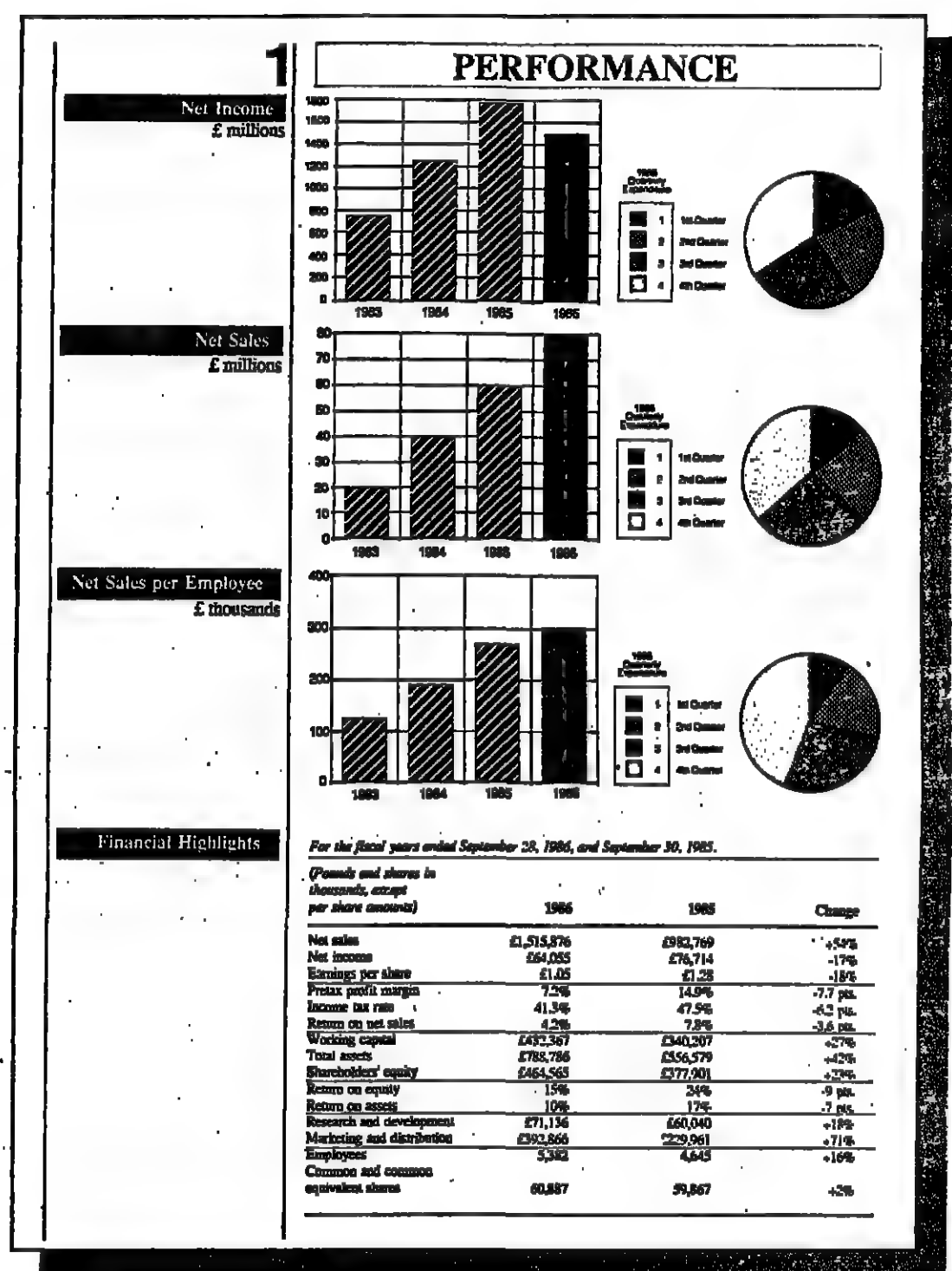
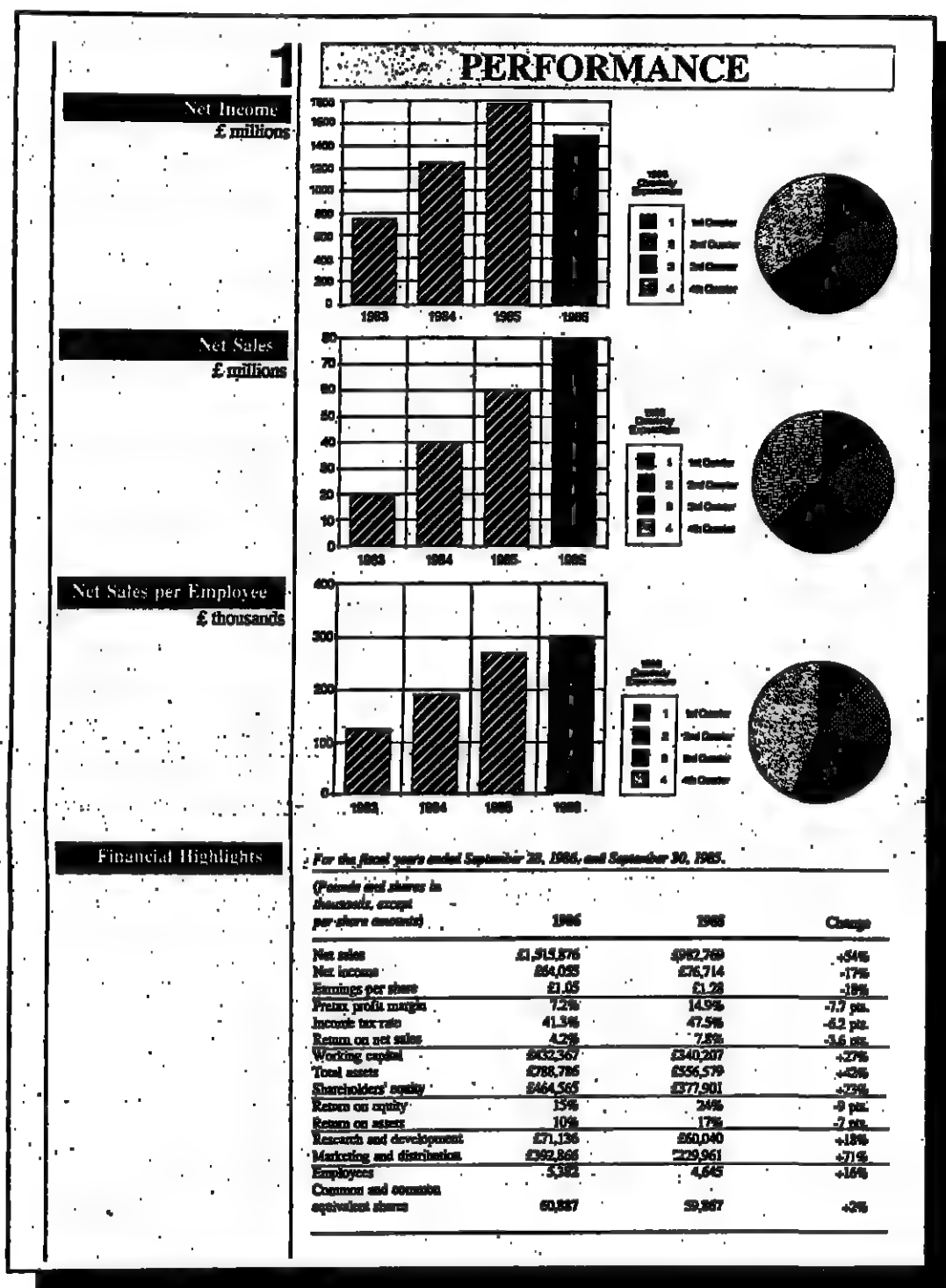
Urged with Lebanon

Consolidation

Israel

Cold war against pain

This document went out for typesetting, returned for corrections, then over to the printers, delayed for amendments (got lost on the way), and finally came home. This never left the office.



If you're tempted to play spot-the-difference, save your eyesight. The big difference between these two documents lies in who controlled them during their production.

The one on the left paid only fleeting visits to its original creator. Most of the time, it was under someone else's control. And that costs time — and money.

In contrast, the other one was done entirely in-house. The text, layout, illustrations and artwork were all produced in a few hours by one person using the Apple™ Desktop Publishing System.

And yet it looks just as impressive as if an army of professionals had slaved over it. Of course, you don't have to save the Desktop Publishing System for items you would normally send out. All your reports, memos, newsletters, training material, technical manuals and forms can easily look this good.

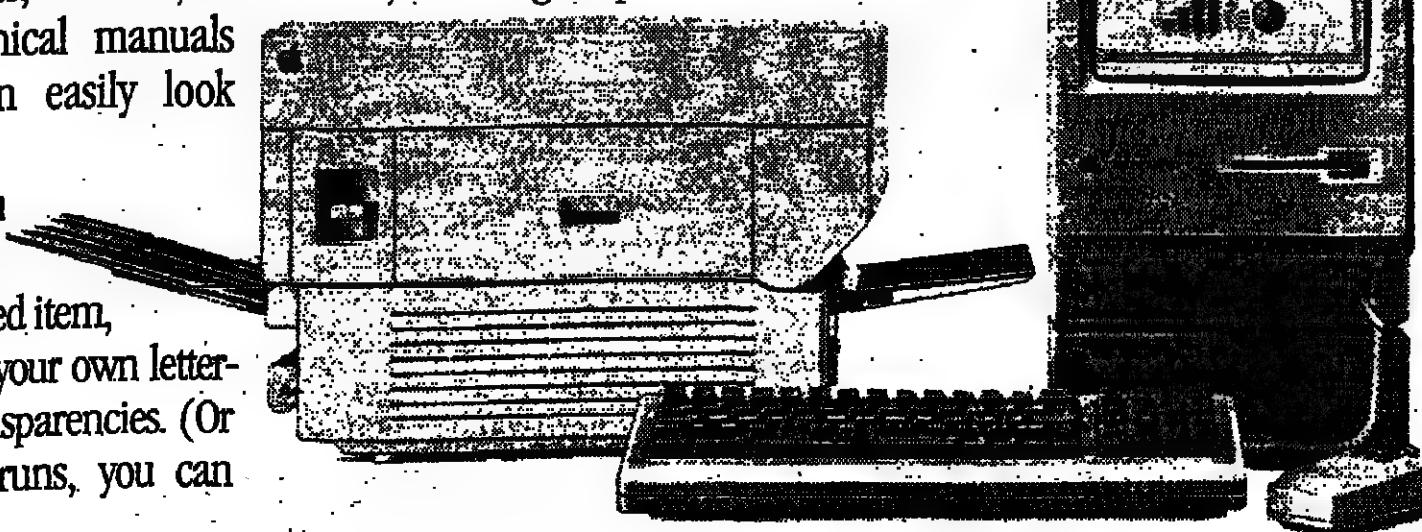
Then you can print them out as the finished item, on plain paper, your own letterheads, even transparencies. (Or for very large runs, you can

print them as artwork, to be sent to a print shop.)

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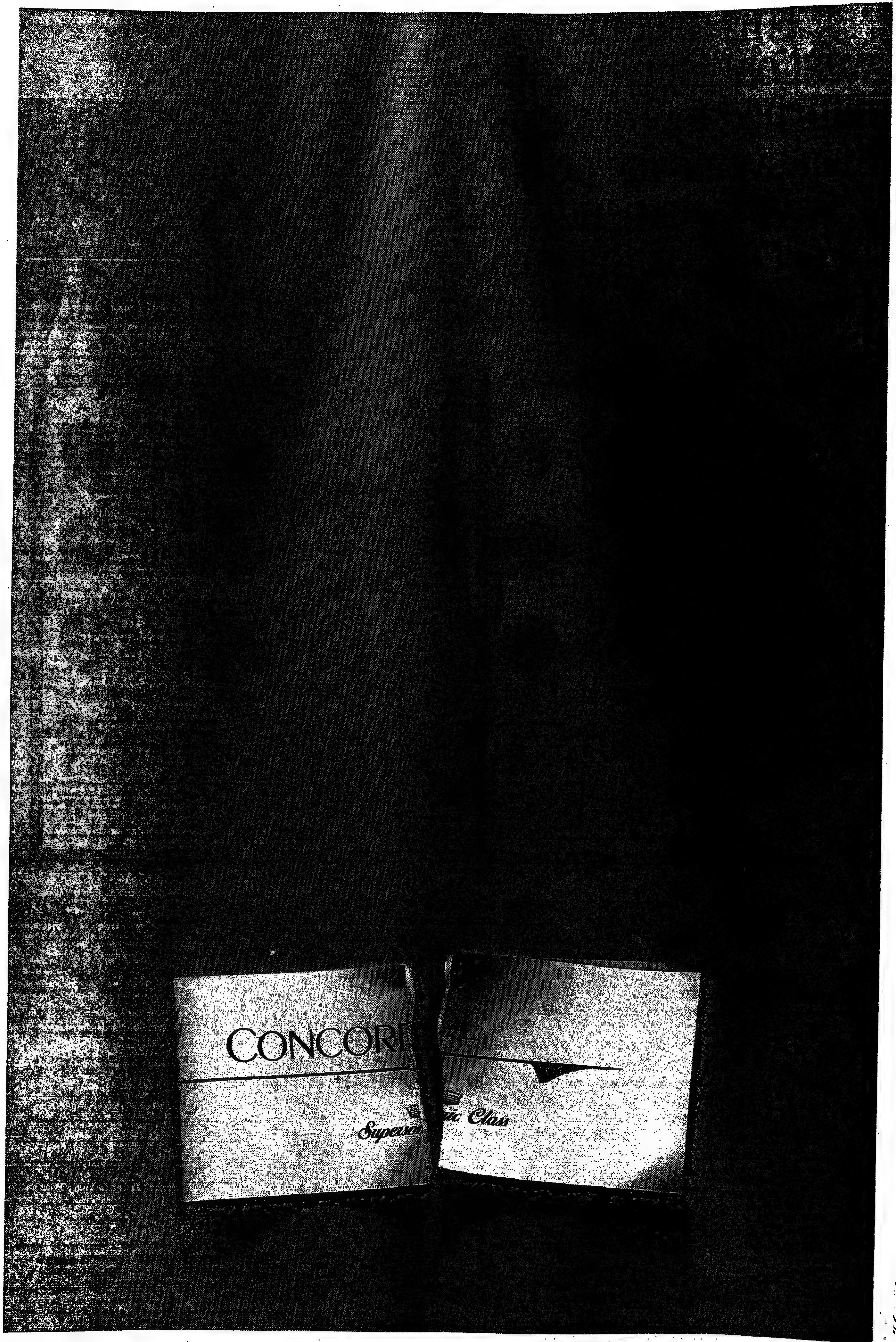
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FASHION by Suzy Menkes

Dog days of autumn



This season's New Couture styles reflect a strong move back to the elegance of the Fifties and the urban chic of the Chanel suit, left. Check out the new tweeds patterned by the teeth of both dog and hound



The mascot of this fashion season is a French poodle. The star fabric is hound's-tooth check. In these dog days of autumn, suits are in any fabric as long as it is black and white check, and the ultimate accessory comes on the end of a lead.

For the first time since the Fifties, when poodles and high fashion last went paw in glove, the tweed suit has been given an urban chic. And the separates which have had such a long run as the basis of the winter wardrobe are being jostled on the pavements by more sophisticated styles.

Coco Chanel made the giant dog-tooth check tweeds her signature. Today's Chanel suit, redrawn with its padded shoulders, deeper armholes and short sassy skirt, is the new pedigree breed sported by top fashion dogs like Jerry Hall and Princess Caroline.

The New Couture look has been taken up with gusto by the fashion industry. The suit — Chanel-inspired, fitted to the body or even a revived trouser suit — is the key buy for this winter. Leading designers, from Alistair Blair to Jasper Conran, through all the French and Italian houses, are using the dog-tooth checked fabrics. They range from the neat workaday used for gentlemen's suitings, to larger wool checks, and the bold hound's-tooth tweeds that may be coloured navy and red, or coffee and cream, rather than the graphic black and white.

Smart money is on the outfits which combine sharp tailoring with a sense of fun: a shapely jacket with a flirty peplum fluff over a plain straight skirt, or narrow pants cut like leggings under an ultra-long jacket. Although the body has swung back into focus after seasons of oversize, there are still no fashion diktats and proportion remains the key to fashion. The fact that the newest clothes this season are being sold as outfits, rather than do-it-yourself separates, should help uncertain shoppers find a style.

The New Couture look came as much from the street as from the designers, as a generation brought up on denim rediscovered the pleasure of dressing up. How seriously you take the return to tailoring depends on your lifestyle, which may not include the pin-heeled shoes, seamed stockings and tight skirts indispensable to the revamped Parisienne. Alternatives include the longer straight skirts, which look equally good with the short collarless jacket and

trousers with flatter heels, or the straight trousers.

Accessories are all witty, inspired by Karl Lagerfeld who sent up his own Chanel chic with the famous quilted chain-handled bags as dandy gilt earrings. The ultimate accessory must be his genuine dog lead made of gilt-linked Chanel chain. The poodle and the scottie dog, glittering in paste, are canine accessories from designer Monty Don who opens a shop in Beauchamp Place at the end of the month.

The return of the trouser suit — in its more feminine and less androgynous form — suggests a rangier dog than the pampered pug or poodle. The lean and hungry long-legged greyhound has not yet appeared as a totem accessory. But from Erle's elongated Thirties fashion drawings to the stalking fashion models of the Fifties, the greyhound has a superior fashion pedigree.



Chanel suit from 28 Old Bond Street and 31 Sloane Street
Hair by Mario at Schumi
Make-up by Trunk using Chanel's Les Indesdisables collection
Photographs by CHRIS DAWES

Above: Parisienne pug. Hound's-tooth check wool jacket, £238, straight black wool crepe skirt, £30, both by Carolina Charles, 11 Beauchamp Place, SW3. Polar bear belt, £14.99 by Graham Smith for Kangol, from House of Fraser stores. Gilt and pearl jewellery from Chanel. Leather gloves from Fenwick. Sheer black seamed stockings by Bruce Oldfield for Chamos. Shoes £145 from Stephane Kelan, 49 Sloane Street, SW1

Above left: Poodle power. Waterfall peplum dog-tooth check jacket, £99, matching slim skirt, £39.99, both from Hobbs, South Molton Street, W1 and branches. Ruffle blouse by George Rech Synonyme and gloves, both from Fenwick, New Bond Street, W1. Poodle brooch, £95 by Monty Don from 58 Beauchamp Place from September 27 and Harrods, Knightsbridge, SW1. Jersey bandeau by Kangol £4.99 from House of Fraser

Left: Long-legged lurcher. Dog-tooth double-breasted wool jacket, £184, narrow trousers, £125, both by David Chambers. Spot silk blouse by Emmanuel Khan, all from the Beauchamp Place Shop, SW3. Scottie dog and kennel brooch, £160 by Monty Don from Harrods, Knightsbridge, SW1. Gilt-trimmed leather gloves, £19.95 from Fenwick's, New Bond Street, W1. Spotted socks from Sock Shop branches. Patent leather shoes with gold link trim, £42.99 from Hobbs, South Molton Street, W1 and branches

PEOPLE IN FASHION

Big guns go for it

Betty Jackson and Jasper Conran have conspired to take New York by storm during the American fashion season. They will head a six-strong British fashion team planning to "go for it", American-style, as an image-making and big bucks exercise.

Betty, currently in Chicago for a Marshall Field promotion, and Jasper, fuming over the delay in opening his new shop until the end of the month, will be joined by Katharine ("Say No To Nukes") Hammett, Alistair Blair, Wendy Dagworthy and John Galiano, founding father of the Les Miserables fashion look.

They all hit the Big Apple at the hyper-fashionable Lewis Hotel on November 6 for a fashion presentation and party. Apart from the free flights, courtesy of British Airways, the six fashion troubleshooters are investing in themselves. The powers-that-be give subsidies only to "official bodies", and no one would dare to call the designers that.

Meanwhile, the British Fashion Establishment, which



Image-maker: Betty Jackson

already has support and encouragement from Princess Anne, has netted our royal image-maker for the grand Fashion Week Banquet at the Fishmongers Hall. The Princess of Wales will present the British Designer of the Year Award on October 10, and herself with the knottiest dress problem of the season.

Italian job

The decorations (tomato molehills growing out of pasta) were colour-matched to Keith Varty's hair at the Harvey Nichols Italian launch last week. The glitterati party welcomed back British fashion's prodigal sons — Varty and his partner Alan Cleaver, ex-pat designers for Byblos. Their show was the linchpin of the Italian promotion which turned out to be the swansong of high fashion's guru, Clare Stubbs. She is off to the rolling acres of Harrods, as Fashion Director. I asked Keith, sitting at my table along with Joanne Brodgen, his former professor at the Royal College of Art, if he would ever come home. Moist-eyed from walking down the Kings Road in the hazy September sunshine, Keith and Alan both told me that they would love to "do an Alistair Blair" and come back to work in England. But then, of course, there's the money...

Quiet mob rule

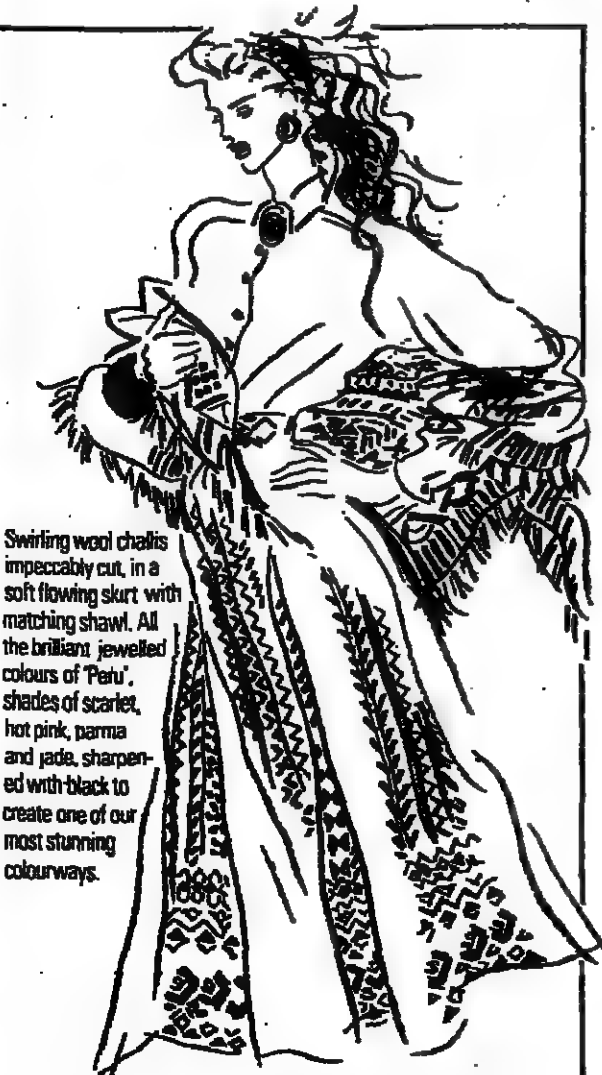
The Italian mob hit town last week, headed by Milan's quiet man of fashion, Luciano Soprani. That Great Dane Peder Bertelson, who already has Armani, Valentino and Krizia in his empire, hosted a party for Soprani at the new Sloane Street shop.

Luciano, stroking his beard nervously, announced himself proud to be behind plate glass in London. Doretta Palazzi, elegant former right-hand of Giorgio Armani, interpreted Soprani's thoughts to the gathering, which included Rosa Mouckton, who is about to launch Tiffany's on London with a breakfast and a little help from Bertelson.

●Alistair Blair, Karl Lagerfeld's best-publicized protégé, has weaned away from Paris and KL, the detestable Mia Marquis, who joins a team already headed by Lord Linley's pretty constant companion, Susannah Constantine. With such inspiring company, it is no wonder that Scots-born Alistair, who was launching his tailored autumn collection at Gallery 28 in Brook Street last week, describes his range for next spring as "very feminine".

Undie-tones

The androgynous undies launched by Calvin Klein on a wave of female V-fronts have receded from the shores of M & S. Joan Collins and Linda Evans were the moving spirits behind the store's glamorous lingerie show held last week at their Baker Street headquarters. Lashings of lace, slithers of jewel-coloured satin and such bodour luxuries as the peignoir and the silk slip, threaten to create a scandal among the seafood pancakes in Britain's wholesome high street store. Even the teen range of chirpy night-shirts for the Benetton generation have as their logo the Sebastian Flyte Brideshead teddy bear.



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THE TIMES DIARY

Riding roughshod

A last-minute change to David Steel's address to the SDP conference yesterday saved the Liberal leader from an own goal. In a harangue against "the prosperity of London and the South East and the poverty of the rest", the text of Steel's speech expressed sorrow that the SDP was meeting in Harrogate — "one of the pleasantest towns in the North of England" — rather than in "Bradford or Sheffield". Wise counsels prevailed in time, so that when Steel reached the podium he chastised also his own party's choice next week of the hardly more street credible Eastbourne. What Steel did not see fit to mention — but which I happily reveal — is where the Liberals intend to meet next year. Harrogate, I am assured.

● An SDP organizer demanded an explanation from a barman at the Old Swan, the conference hotel, of why the bitter had run out by Sunday night. He got the straight answer: "We didn't think you'd drink so much."

Polaris Roger

Ever-conscious of the image he projects into the living room, David Owen, I hear, was not altogether happy when *Channel 4* News the other day. With the Alliance leaders having been struck by the answer to their differences over defence not, as it were, on the road to Damascus but on a trip to Paris, ITN filmed them on the train back from their meeting with Mitterrand, discussing the new minimum European deterrent while sipping a modest glass of wine. The cameras still whirled as they left the table and Owen, on the point of topping over, grasped a seat for support — the result, I hasten to add, of a bump on the track. Afraid that it looked as if he had imbibed too freely, Owen has had a word with ITN, pointing out how unfortunate it would be if the shot were re-shown every time the "historic" deal was mentioned.

● The top-selling Spitting Image toy at the SDP conference in Harrogate? The rubber effigy of David Owen with David Steel as his pocket handkerchief. More than 130 had gone by yesterday.

Firm stand

A disgruntled SDP activist at the Harrogate conference asked from the floor why the Liberal publications stand was placed prominently outside the main hall while the SDP's languished in an annex far below. "We'll switch them," announced Shirley Williams, the party president. This, not surprisingly, went down badly with Heddon Royd, the publishing company owned by Liberal members, who forked out close on £200 for its pre-eminent site. "We won't be moving," David Clump, the stand organizer, told me. Nor, it seemed, did the SDP stand-holders wish to move. "We wanted to be here because we're near the coffee stall," their badge-seller explained. Makes a change from claret, I suppose.

Cleaned out

Nicholas Baker, Tory MP for North Dorset, is no longer a walking wardrobe. He recently deposited several suits with a dry-cleaner in Maiden Vale, London. Soon after the business suspended operations, and the suits are now nowhere to be found.

BARRY FANTONI



"But will they stop F-111s?"

Flush of youth

A thorny issue of sex discrimination threatens to divide Western Australian politics into macho men and — dare I say it — wets. The State School Teachers' Union is about to discuss the proposal that urinals should be replaced by cubicles in all schools in order to "remove unhygienic conditions, unpleasant odours and sexual situations from boys' toilet blocks". The motion has enraged the state's health minister who, clearly unscarred by his own childhood experiences, bluntly describes the idea as "bloody ridiculous".

Double vision

Television viewers in the Irish Republic might be forgiven for thinking they are seeing double at the end of this month when more than half the sets in the country will carry not one but two Wogan shows. Radio Television Eire tells me that, though more than 50 per cent of sets in the republic can pick up the BBC direct, it has just clinched a deal with the Beeb allowing it to record the *Evening Extra* chatshow and replay it later in the evening.

PHS

New York

The war Ronald Reagan has declared on the so-called hard drugs has almost universal support here in the United States. Heroin, so far as I can tell, has no defenders. It inspires horror even among people who take a generally relaxed view of cocaine. But the defenders of cocaine, who regard it as a benign "recreational" drug, are themselves now on the defensive. Like LSD before it, which also enjoyed a period of glamorization, cocaine is finally getting a bad press.

Nor do the many varieties of "uppers" and "downers" command much support. Popping pills has never been glamorized in the way cocaine was until practically yesterday, when its spectacular spread in the form of "crack" began setting off the loudest drug alarm in living memory.

By contrast, for a long time now, marijuana has been hotly defended by those who use it and calmly tolerated by the rest of us.

Nowadays, to be sure, we rarely hear marijuana actually celebrated in the terms that were so common as recently as 10 or 15 years ago. Then the propagandists for marijuana were telling us that "turning on" or getting "stoned" was great fun, that it sharpened the senses, and that it expanded one's consciousness.

For example, the regular user, wrote one such propagandist in language that is as typical and as redolent of the late 1960s as the sickly sweet smell of marijuana itself, "acquires a new sensitivity for the 'realness' and 'wonderfulness' of things... He is also less dulled to other people and recognizes them as noble creatures no less real than himself."

No wonder (it is Norman Mailer speaking now) that "good sex had to be awfully good before it was better than on pot."

In the same breath as he said that, Mailer admitted that pot had

On May 2 last year, when voters went to the polls in the shire elections, David Heath was an optician working in the sleepy Somerset town of Frome. Within weeks of the Alliance emerging as the single largest party he had become leader of the county council, responsible for a budget of about £180 million a year and a workforce of more than 10,000.

"I suppose the change was somewhat meteoric," says the 31-year-old Heath. "Ray Lancaster, the then Liberal group leader, is a vet and just couldn't afford the time to do what is a full-time job. So, although I had only just been elected to the council — I had run the Liberal campaign — they turned to me."

The Alliance formed a minority administration with tacit Labour support, ending a century of unbroken Conservative control. And not only in Somerset. The May 1985 version of the Peasants' Revolt dealt a similar blow to the Tory citadels of Devon, Cambridgeshire, Gloucestershire and Wiltshire. Today, their councils are "hung", or "balanced", as the rustic revolutionaries prefer. Across the country, only 21 of the 46 counties show a clear majority for any one party.

Back in the heady days of 1981, the Gang of Four promised to break the mould of British politics. David Owen, Roy Jenkins, Shirley Williams and Bill Rodgers, all household names, bathed in the media spotlight. Westminster seemed destined to be their anvil. Yet, after the 1983 Tory landslide, now threatened by Labour's modest revival, it is in the shires that the Alliance has not so much broken the mould as dashed it to smithereens.

The firm smack of local government, wielded once by the Tory squires or, in a more limited number of cases, Labour-machine politicians, has dissolved in transition, shifting alliances; never formalized, never predictable.

Oxfordshire (31 Conservatives, 20 Labour, 18 Alliance, 1 other) is a case in point. The Tories, realizing they would need the support of one other party to get their policies through, resigned. Now, no one is in control.

Council meetings no longer a mere rubber stamp

The chairmanship of the council and its committees rotates among the three parties on a meeting-by-meeting basis. And such posts have been stripped of their former power. No longer can committee chairmen reach a decision in private talks with their officers; safe in the knowledge that the meeting ahead is little more than a rubber stamp. Under this regime, which also operates in Bedfordshire, representatives of all three parties take part in the briefings and a series of policy options are presented to the committee meetings.

Graham Elson, leader of the Oxfordshire Alliance group, insists that this greater openness is all to the good, giving the full-time officers the scope to exercise the full range of their professional skills in drawing up the various options. No longer are viable alternatives removed from policy documents because they do not square with the political prejudices of the ruling group.

Elton freely admits a "convergence" between Alliance and Labour politicians over the central questions of council spending, with his party acting as a brake on Labour's more fanciful notions. The Tories cannot decide how to come to terms with the new order, preferring to snipe from the sidelines.

"They see it as a struggle between the Alliance and themselves for ultimate control of the council," says Elson. "It's like getting into bed with your worst enemy. They are torn between wanting to support us, while at the same time fearing that if they do they'll be seen to be backing Alliance initiatives."

Norman Podhoretz charts the change in attitude to marijuana as its dangers as a gateway to heroin are perceived

Now let's have a hard line on soft drugs

also hampered the workings of his brain. But in the upper reaches of American culture in the late '60s, he was almost alone in acknowledging that any harm whatever could come from the habitual use of marijuana.

Though he would no longer be quite so alone today, the reputation of marijuana as a harmless indulgence remains largely intact. Indeed, at a time when it is universally proclaimed that tobacco and alcohol are bad for one's health, and when the very air we breathe and the very food we eat are under suspicion of causing cancer and other dread diseases, only marijuana is still being declared innocent of any ill-effects.

Thus it continues to be widely alleged that marijuana is not habit-forming or addictive, yet I myself am acquainted with people who, if they are not addicted to marijuana, are certainly giving a good imitation of being in precisely that condition. They smoke it several times a day, and they would be in great distress if deprived of their supply. Such people are known as "potheads", and they are addicts.

It is true that, like alcohol but

unlike tobacco and still less like heroin or crack, marijuana can be tried without necessarily creating an addiction. But that does not mean that it is never habit-forming. In many instances, it clearly and demonstrably is.

Furthermore, this very uncertainty makes marijuana all the more dangerous to the young. For if it were as inexorably addictive as heroin, it would inspire as much fear as heroin does. As things stand, however, thinking they can try marijuana with impunity, untold numbers of schoolchildren and university students are drawn into dependence on it.

Of these, a certain percentage go on to heroin or cocaine or crack. Again, it is true that marijuana does not necessarily lead to the harder drugs. But it is safe to say that most, if not all, cocaine and heroin addicts started with marijuana. And this is why marijuana has sometimes been called a "gateway" drug or even a kind of loss leader for dealers in heroin and cocaine.

Yet even if marijuana neither posed the risk of addiction nor lowered the barriers to harder drugs, it would still remain harm-

ful in itself. Despite what its apologists (some of them disguised as scientists) keep assuring us, there can be little question that marijuana does psychological and intellectual damage to those who smoke it regularly.

Fortunately, after more than a decade of turning a deaf ear to the arguments against marijuana, public opinion is beginning to shift. Only six years ago, according to a *Newsweek* poll, a majority of Americans opposed treating the possession of small amounts of marijuana (for use, not for sale) as a criminal offence. Today, in a dramatic reversal, only 27 per cent oppose such a policy and an astounding 67 per cent favour it.

Of course, trying to enforce so draconian an anti-marijuana law would create some of the same problems as Prohibition did with respect to alcohol. It is also doubtful that we could build enough jails to hold the millions who would have to be imprisoned. Besides, as we are all coming to recognize where crack is concerned, law enforcement can only do so much to contain the spread of drugs. Attitudes need to be changed.

Therefore, even if jailing all users of marijuana is not a good idea, nothing but good can come of the newly suspicious attitude towards marijuana which lies behind that idea. Chances are that if the use of marijuana comes to be regarded with the disgust it so richly deserves, the demand for it will decrease. That would not only be desirable in itself; it would also put downward pressure on the demand for the even worse drugs to which marijuana is all too often an introduction and a bridge.

Meanwhile, the war against these worse drugs has become the most popular political cause America has seen in living memory, and there is no telling to what level it will rise before it finally runs its course.

Nicholas Wood assesses the Alliance impact on local government and its implications for Tories and Labour as the election nears

Beating out a new order in the shires



David Walden, the leader of the Conservative group, speaks for many fellow members of his party when he says that only now are they coming to terms with the shock of losing power. He is distinctly unimpressed with the Alliance's new Jerusalem: "The result is that there is no power to be shared. There is a vacuum and little sense of direction. It works somehow, but it's like having three opposition parties."

Conservative Central Office in London is even less enamoured of the share-out. It is monitoring the activities of the hung councils with a view to stepping up its propaganda war against the Alliance as Labour's Trojan horse.

It dismisses as bogus the Alliance's widely-trumpeted claim to be a moderating force on Labour, especially at budget time. The price of its winning support in the council chamber is to pay unwarranted attention to the demands of its minority partner, says Central Office.

Oxfordshire was plunged into "total confusion", said a Central Office local government spokesman, adding "A fourth party has emerged in Oxfordshire — the officers. And they are really the strongest of the lot."

Central Office is not alone in viewing the latest local government carve-up with unease. Walworth Road, the Labour Party headquarters, reacted to the 1985 upheaval by instructing local groups not to form pacts with the Alliance. This was accepted, though reluctantly in some cases, but an accompanying edict not to support Alliance nominations for the chairmanship of council committees has been overwhelmingly rejected.

Streets have to be cleaned, children taught and buildings repaired. Council business has to go on no matter what the dispositions of the parties. Practical considerations like these have weighed heaviest with Labour councillors, especially where the

advent of the Alliance has prised open a door that seemed forever closed.

Bill le Breton is a Liberal councillor on the Isle of Wight and full-time political adviser to the Alliance county councillors. He travels the country guiding his flock in the arcane arts of building the fragile coalitions necessary to seize and retain the levers of power. To begin with, he says, the two main parties were content to sit back and let the Alliance make a hash of things. Now, as they see the Alliance flourishing in Cambridgeshire, Wiltshire, Somerset, Devon and Oxfordshire, they are having second thoughts and seeking to muscle in.

In Cambridgeshire, for instance, the Conservatives have agreed on a spending programme with the Alliance for next year. Now the onus is on Labour, which backed Alliance nominations for the committee chairmanships, to decide whether it will enter a three-way coalition.

Le Breton says: "Our two opponents have been a bit fazed by our success and, more importantly, by the fact that the local newspapers constantly go on about the 'Alliance council'." Nationally, he says, Alliance control has pushed up spending by between 2 and 3 per cent in real terms, mostly on education and social services.

Budget time is usually crunch time in this uncertain world. In Cumbria and Leicestershire, the Tories resigned their chairmanships when they were unable to get their proposals through. And in Humberside they were voted out. In Avon, the Alliance's flirtation with Labour rule proved short-lived. Now the Alliance and the Tories operate the dizzy system of rotating chairs.

Paving the way for an election assault on Westminster

But, says le Breton, the "old pals' act" lives on. In Warwickshire, for instance, the two older parties combined to support the election of a Labour left-winger, who had rebelled against his own party's budget proposals, to the chairmanship of the powerful schools sub-committee.

Neil Carter of Bath University, in his survey of three Alliance-run minority councils — Wiltshire, Somerset and Devon — gives one of the few independent verdicts on hung councils. He concludes that against all the odds they do work, although whether they will do so for much longer depends on wider political developments. The approaching general election may compel both Labour and the Conservatives to stop co-operating with their new rival for power.

Perhaps they will have little option given the way the Alliance, especially its metropolitan-bred SDP wing, is exploiting its new-found power bases for national political ends. The number of SDP councillors has risen from 100 in 1982 to 524 today.

John Cartwright, MP for Woolwich and the party's local government spokesman, spelled out the way forward: "Because we are a new political force, largely without geographic or class concentrations of support, we need to build at local government level if we are to succeed in parliamentary elections."

"If the voters first learn to trust us at ward level, then see us succeeding in control of their councils, they will be more likely to trust us when it comes to national elections. Our councillors are in many ways the vanguard of our movement. They are carving out the political territory which the rest of the party can then build on. They are out to prove that Alliance government works."

About a quarter of the 202 SDP prospective parliamentary candidates are councillors or have had council experience. For many, pavement politics could stretch all the way to Westminster.

The author is political reporter of The Times.

Digby Anderson

Experiments that stick

One disturbing aspect of the pronouncements of some Church of England leaders during the miners' strike was an indulgence in a rhetoric of compassion in which frequent incantation of ill-defined but "caring" terms such as "community" and "need" was substituted for a precisely reasoned analysis based on theology and economics. Some, at least, of the offence given by the Bishop of Durham has been in a deliberate rhetoric of a rather different kind.

Such lapses are serious precisely because the modern church accords such a central role to debate and argument. It is not that rhetorical manoeuvres should have no part in that debate but that participants would do well to be on the look-out for them and expose their ecclesiastical authors with no more quarter than they would give a politician.

Charles Moore offers another example of ecclesiastical use of rhetoric — like the rhetoric of care, of quite worldly origins — that of experiment. In *The Church in Crisis* written with A.N. Wilson and Gavin Stamp, he explains how those wanting to change the Church's liturgy learned — through the experience of the 1928 Revised Prayer Book being rejected by Parliament — "that attempts at liturgical change should not be so straightforwardly presented to Parliament; they should be introduced piecemeal", that is unstrategically. Moreover they should not be introduced as a change, with all the threats entailed for devotees of the 1662 Prayer Book, but as an "experiment".

The "experiment" is one of the great manoeuvres in the social manipulator's handbook. It was used to great effect by advocates of comprehensive schools. It has been used to justify the government's current propaganda on drug abuse. It works best on the middle classes, which warm to its suggestion of tolerance — those who dislike the experiment can continue, meanwhile, with their preferred practice — coupled with rationality: an "experiment". Just the right sound — "positive", "constructive", an attempt to "do something" about a problem, without, of course, forcing anyone. It is also humble: the proposer does not suggest he knows the answer.

In the case of liturgical change, Dr Ramsey, the then Archbishop of Canterbury, intoned the magic spell. "Parliament was only being asked to allow a limited, indeed a modest, degree of autonomy... to sanction new forms of worship... for limited experimental periods." But the word does not have to be used for the spell to work. The rhetoric of experiment works wherever apparently moderate change is valued.

Genuine experiments are a good thing: that is the source of the rhetoric's power. But most social

experiments are not genuine experiments. They do not take place in controlled conditions so there is always a handy "outside" explanation for any apparent failure. The advocates of comprehensive education can always explain away their schools' performance by reference to social class variables, unemployment, or "cunts".

Had the advocates of the new liturgies agreed to take such sociological measures as church attendance as the criteria of their experiment, they could always have explained away any decline by a host of other factors. In fact, they were even more adept. Like most social experimenters, they never spelled out the criteria for judging the experiment. Pressed to do so, they would no doubt have said quite rightly, that it is very difficult to establish precise criteria of success or failure.

Indeed, that is why such social manipulations are not genuine experiments but hunches and preferences clothed in the rhetoric of experimentation. Rhetorically secure, they are also socially secure for, during the experiment, the experimenters establish themselves in powerful positions. They become the vested interest.

What is the reverse manoeuvre? How can an opponent of social change advanced under the rhetoric of experimentation defeat the (impossible) burden of proof on those advocating change. "You may have your experiment but after a fixed time you must prove, conclusively, that it has worked; not we that it hasn't" — the measures of success to be stated explicitly before the experiment. Any failure must be admitted as publicly as the reform was canvassed and anyone who suffers from the failure compensated. Advocates of change should also be required to explain how, in the event of failure, they would wind up the institutions and pacify and compensate the interests the experiment has created.

Such conditions were not exacted in the case of liturgical reform or indeed in the case of many of the targets of *The Church in Crisis* such as synodical government itself, surely an experiment at least in the sense that no one knew how or even if it would work. One would not have expected the reformers to accept such a burden of proof, but had the challenge been vigorously made, "experiment" might have been exposed for the rhetorical manoeuvre it appears to have been.

Oh, and when you challenge a rhetorical experimenter, try using a little integrity rhetoric: "I'm sure you are very sincere in your proposed experiment so you will want it to meet all the conditions of a genuine experiment..."

The author is Director of the Social Affairs Unit. The Church in Crisis is published by Hodder & Stoughton (£6.95).

moreover... Miles Kington

Almost another bluebell line

Having helped make television programmes about railways, and being cursed with a penchant for trains and stations generally, I find myself accused from time to time of being a train buff, which is one of those deadly accusations like "being called a jazz fan, or opera enthusiast, or sports follower, that anyone in their right mind should reject, even when true. And yet it is certainly true that I spent years of my youth beside a railway line in Wales, and who but a train buff in the making would do that?

I'll tell you who. A botanist. I realize now, looking back, that for 98 per cent of that time there was never a train to be seen. The spitting of steam was a luxury; most of the time you wouldn't have the faintest idea of where you were anywhere near a railway line, because all you could hear was the singing of birds and the sighing of the wind in the trees. (It was a very pretty stretch of line, just where the Cheshire plains stop and the Welsh hills start.) So to stave off boredom I used to ramble up through the woods or down to the valley of the River Alyn, idly studying what lay beneath my feet and even, eventually, buying a flower guide to go along with the train-spotting manuals.

Yes, if it hadn't been for the Great Western Railway, I probably wouldn't have picked up a working knowledge of wild flowers. Up in the woods there were great acres of bluebells at the right time of year, and celandines, and wood anemones, and blackberries later on. Down in the wetter land by the river there were kingcups, which for a while I thought were buttercups that had done some weight-lifting; there were cowslips, there were primroses and, the ones I liked best, the pale lady's smock which I used to pick to take home to Mum, until I realized that nothing kills as fast as a freshly picked lady's smock. Except a violet.

I'd forgotten about all this until a couple of months ago, when idle curiosity took me down to the latest InterCity railway station in London. At long last British Rail has just started making use of the line which goes right through London, north to south, so you can now go direct from Brighton to Liverpool, or is it Dover to Manchester? Anyway, if you want to get off in London, you stop at Kensington Olympia. It's not

exactly Euston or Victoria, facility-wise; in fact, it's more like an old-style country station, especially if you look north into the mysterious green cutting which heads up to Willesden, Watford and the north.

It's also like a country station in that trains pull through only every half hour or so, stopping briefly for an exchange of hostages and then sliding off again. Waiting aimlessly for a train to arrive, I wandered curiously up through the large car park which now occupies most of the old station, and bingo! I found myself in a nature reserve again. There's a large patch there of what developers call waste land or what you and I would call a wild-flower sanctuary, so isolated that you can't hear any noise of traffic, only the singing of birds and the sighing of wind in the trees...

It was childhood revisited. Mark you, they haven't changed a range of flowers that was on offer in my childhood, but they have got some very handsome speedwell, and flourishing butterflies with the accompanying butterflies, and herb robert, and the classy purple and yellow blooms of the woody nightshade, which I always thought a most under-rated flower, probably because it was poisonous, and old man's beard, and something which I think is called mimulus, though I shall have to look that up. And what they have got most of is blackberries, great sheaves of juicy, shiny, bulging blackberries, not the blackberries which turn out to be hairy, pippy, leathery imitation blackberries, but the real McCoy, suitable for taking home and converting into black lustrous syrup like North Sea oil.

Mark you, when I first found them they were still at the red stage, adolescent O-level blackberries, so although I was tempted to write a nostalgic-revisted piece then and there, I thought it best to wait until they had ripened. Now they have, and I have picked as many blackberries as I can handle, so I don't mind mentioning my discovery in print, even at the risk of finding a *No Journalists or Train Buffs Admitted* notice next time I go back. I just want to get one thing straight. I am not a train buff. I am, if anything, a wild-flower nut. That's what railways are really all about, even in the middle of West London.



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CORDON SANTAIRE

Less than 24 hours after Prime Minister Jacques Chirac declared war on terrorism, the terrorists demonstrated their contempt for Gaullist resolve by blowing up police headquarters in Paris. For a government dedicated to the enforcement of law and order, this was perhaps the cruelest blow of a deeply embarrassing campaign.

In recent years the French have reacted to international terrorism in much the same way as has everyone else, in shocked bewilderment — blundering from conciliation to confrontation and back again. In 1982 the government of the day did a deal with Abu Nidal when it released two prisoners on parole at the earliest opportunity. A year later it retaliated after the horrific slaughter of French troops in Lebanon, by bombing the Bekaa Valley. But earlier this year American F-111s raiding Libya had to fly in an expensive arc across the Atlantic to avoid French airspace — a lack of hospitality which they bitterly resented.

Now an extremist group demanding the release of a jailed Lebanese, serving four years on an arms charge (while awaiting trial for murder), inflicts almost daily carnage in the streets of the French capital. What should the Chirac government do?

One thing it should not do, of course, is to give in. For the

government to treat with the terrorists would win it only temporary respite — until the next time that they wanted its "cooperation." (Surprising though it might be, there have been reports that some weeks ago M. Chirac was on the point of giving in by freeing the imprisoned Georges Abdallah, and had to be restrained by President Mitterrand himself.)

Nor should the government allow French policy in the Levant to be dictated by Shi'ite Arab extremists who continue to exact a toll on French and other troops stationed there with the UN.

So far the French counter-terrorist forces have been less than impressive. Internal rivalries and a preoccupation with public image-making have misdirected their efforts, leading too often to abortive operations. But the Chirac government's measures announced on Sunday should strengthen their hand.

These measures will admittedly impose inconvenience on those entering France and those who move around the country. That it is a small price to pay for greater public safety, and the steps taken have been generally welcomed. But they will need to be accompanied by better intelligence than has so far been evident, and executed by a patient and vigilant police force. In these respects the French could learn from this country, whose public and

police — particularly in Ulster — have learnt by hard experience.

There is no panacea, as Sir Geoffrey Howe rightly pointed out in Brussels yesterday while confirming that European internal ministers, at the special "Trevi Group" meeting on counter-terrorism on September 25. But the measures announced by M. Chirac, restricting entry to France from all except EC countries, will be of limited value unless other Community countries implement something similar.

Until comparatively recently, extremist groups acted directly, so that the men who laid the plans then planted the bombs themselves. This meant that when forces captured the guilty men they cut out the cancer altogether — at least for a time. But the experience of recent years has led to a greater sophistication among the pursued as well as the pursuers. The men behind the atrocities of today are many miles away from the scene of the crime, surviving to plan the next one.

Such men cannot be conclusively beaten by one country alone — not even by the European Community. But EC collaboration is a pre-requisite which the French are now learning to appreciate. It is one for all and all for one — in a French tradition.

BURYING THE HATCHETS

The warm reception which the Social Democrats gave to Mr David Steel yesterday was more a response to his careful concern to diminish controversy between the Alliance parties than to his self-confident affability. There is general agreement within the SDP that the sharper edges of difference between themselves and the Liberals must be softened in preparation for the general election, and the Liberal leader showed once more that he intends to act as an emollient within the Alliance relationship, which is not exactly the function for which Dr Owen is best known.

Mr Steel spoke in unremarkable and, for Alliance consumption, unexceptionable terms of the two parties' future as an instrument for "intense change in our society." He also sensibly avoided any direct reference to the still simmering question of a possible future merger between the allies. A merger will not happen this side of the election and may never happen afterwards. Yet to merge or not to merge remains the fundamental issue within the parties and Mr Steel could not refrain from one phrase which reveals him as an unrepentant mergerist.

The Alliance was "here to stay," he said, and its strength was that it was "an alloy superior to the sum of its original parts." But what is an

alloy but a kind of merger of substances which are for practical purposes thereafter inseparable? Still, poetic imagery in politics does not give hostages to fortune and on the more immediate question which bedevils the Liberal-SDP relationship, defence policy, he certainly said what most of his Social Democratic audience wanted to hear.

At the weekend, the SDP conference had defused the row between Dr Owen's supporters on the one hand, and on the other Mr William Rodgers and his friends who had agreed (in a policy consultation with the Liberals) in seeing no need for a pre-election commitment to replace Polaris. But the Conference has now decisively glossed the policy Dr Owen's way by a commitment (agreed with Mr Steel) to seek a replacement for Polaris in the shape of a "minimum European deterrent." This may well prove impractical, if only on grounds of expense. It is a policy devoid of details and as the election nears it could look less and less credible.

Still, what matters to Dr Owen is that the idea is a way of keeping the British commitment to nuclear defence alive, and what matters to Mr Steel is that it is a way of defusing a potentially dangerous Liberal-SDP quarrel. He therefore specifically underwrote it yesterday, together with an absolute commitment to a united Alliance defence policy. To make this the more palatable to those in his party who want nothing at all to do with nuclear defence, he stressed that the European defence pillar within Nato would free Britain from dependence on the White House. Indeed he was speaking as much to his own Liberal Party (part of whose Assembly will challenge his approach hard next week) as to his SDP audience.

Mr Steel looks confident — and understandably so. In party terms he is in a stronger position than Dr Owen. Mr Steel not only has his own party behind him; he enjoys the support of the Jenkinsite SDP mergerists. Dr Owen has no comparable Liberal faction behind him and is under stress in his party. He knows too that since the Liberals are likely to get the larger number of seats, Mr Steel would be Alliance leader if there were a merger. But though Mr Steel's position is the more comfortable in party terms, Dr Owen's strength is as a politician able to understand and respond to the public's instincts and to political reality in a manner hardly within Mr Steel's grasp. Yesterday Mr Steel again showed himself as a skilled manager of party politics, but there is more to political success than that.

POLAND'S SPRING BY instalments

Poland's amnesty for political prisoners announced at the end of last week has been welcomed by many, not least by the families of those who have been released. It is a sign of hope for Poland that the regime has brought itself to return to freedom people whose only crime was to express public opposition to the self-appointed communist party.

But the amnesty is distinctly double-edged. It also has propaganda value for General Jaruzelski. Not only is he now in a position to say that Poland has no political prisoners. He can also boast that the present state of the country is such that there is no need to hold political prisoners. His task — the pacification of post-Solidarity Poland — will seem to have been achieved.

To the surprise of some, those symbols of the Polish opposition who did not benefit from the earlier amnesty — Zbigniew Bujak and Wladyslaw Frasyniuk — have now been released. For them, the new amnesty is something of a moral victory: they have gained their freedom without renouncing their opposition to the regime. At the same time, by ceasing to be prisoners, their status as Solidarity symbols may be diminished.

Nor will they have any illusions about the permanence of their freedom. While the amnesty was being announced, police were warning the hundreds of underground activists still at liberty to be careful: church leaders were

warned to watch their step. Given these restraints, the situation of those now freed is more akin to bail. The release of 225 political prisoners lays 225 people open to arrest again.

The whole exercise served to reinforce the unspoken bargain that emerged from the Polish Communist Party Congress earlier this year: if the Party is allowed its primacy, the people will be allowed their liberty, and the possibility of better living standards. Yet underground representatives have already indicated that they will not halt their activities. The bargain is unlikely to be kept — by either side.

The amnesty, however, is more than the striking of a domestic bargain. It is also a gesture towards world opinion, particularly opinion in the United States. As such, it is a reflection of the Polish regime's need to retrieve the international favour it enjoyed before martial law five years ago and to recover the economic advantages which accrued from it.

Just over a week ago, Poland received the most senior American official to have visited since martial law: Congressman Stephen Solarz. He was in Warsaw to assess whether Poland had made any progress towards dismantling the accoutrements of martial law, and if it had, whether it had done enough to justify the restoration of Poland's trading privileges.

The removal of these privi-

leges has undoubtedly afflicted the Polish economy. Poland's foreign debts have grown; all its hard currency revenue is now taken up servicing debts. The restrictions on Polish food exports after Chernobyl came as a further blow to the Polish exchequer and Polish national pride. And the zloty has just been devalued by another 17 per cent against the dollar in an attempt to make remaining exports more competitive.

The release of all political prisoners was one of the original conditions set by the United States for restoring Poland's Most Favoured Nation Status. But it was not the only condition. There was also a reference to the restoration of normality in Poland. And one recent development suggests that is some way off.

Immediately before Mr Solarz's visit, the Polish authorities announced that a scheme to provide Western financial support for Poland's private farmers, a scheme much cherished by the Polish church and by Solidarity, had been abandoned after four years of negotiations.

That imaginative plans of this kind proved impossible to realize illustrates the still limited capacity of the Polish economy, and the Polish system in general, for change. The authorities in Warsaw may have hoped that their amnesty would offset this failure. Whether Mr Solarz and his American colleagues will — or should — see progress in that hope is quite another matter.

LETTERS TO THE EDITOR

Fighting terrorism in open societies

From Mr Lionel Bloch
Sir, Mr Robert Fisk claims (September 8) that the latest terrorist outrages in Karachi and Istanbul are mere episodes in an unending cycle of violence, fuelled by a natural emotion to call for revenge. This argument is completely unconvincing.

Far from proving that retaliation won't work, it merely confirms that half-hearted anti-terrorist measures are ineffective. International terrorism has flourished in open societies precisely because the killers knew that they had a fair chance of survival. We allowed Leila Khaled to leave this country unpunished, just as later we allowed the assassins of the Libyan Embassy who killed WPC Fletcher to return to their country under the cloak of diplomatic immunity.

The Greek, Turkish, Italian and other governments have entered into unofficial understanding with terrorist groups and released quietly a number of murderers in the hope of gaining some peace in their much needed much needed. Even the Israelis released last year over 1,000 Palestinian prisoners including some 400 condemned terrorists in exchange for three of their captured soldiers, hoping that this may lead to a better atmosphere in the Middle East.

Mr Fisk wants us to believe that

because the Palestinians were defeated in the field, the emergence of suicidal killers was an inevitable development. He forgets that in this context "inevitable" merely means that which is not avoided.

The Poles have many reasons to be and are in fact as desperate as the Palestinians will ever be. So are many other East Europeans living in the shadow of the Red Army. It comes to this: there are no suicidal killers on the other side of the Iron Curtain? The standard liberal reply to this question is, "do you want us to be as ruthless as a communist?" This reaction concedes that terrorism is in fact avoidable.

More important perhaps, it should be clear that terrorism could be decisively defeated within the framework of our democratic institutions. Unlike totalitarian regimes, our governments have the mandate to defend our way of life. The alternative implicit in Mr Fisk's analysis is to allow the terrorists, and those who organise and harbour them, to escape unpunished and thus encourage the proliferation of this deadly form of warfare.

Yours faithfully,
LIONEL BLOCH,
9 Wimpole Street, W1,
September 10.

Salisbury's past

From Mrs L. Kinder
Sir, Along with Milton Keynes and Telford, Salisbury is one of this country's new towns. It differs from other new developments in that it was established some 700 years ago with much of its former life and times still to be revealed. A once-and-for-all-time opportunity to discover how our new towns ancestors lived is to hand but can only be realized if all concerned are prepared to make this

When the city's open sewer system was made hygienic in the 1850s the throw-away artefacts of 600 years were gathered together and can now be seen in the fine re-housed Salisbury and South Wiltshire Museum. There is every reason to believe the excavation of house and trade sites in the same area will be equally rewarding. Yet there is every danger that this history from the ground will be lost for ever.

Some developers show every interest, making available time on site and money for the work. Unfortunately, this cannot be said of English Heritage's limited funding for rescue archaeology.

Control of design

From Mr John S. Anderson
Sir, I am pleased that Michael Mansel shows some concern about the erosion of our planning system (article, August 30) but his argument for change is misdirected. I believe his case should rest not upon the planning process itself, but on the way in which, in some instances, it is operated.

This country has one of the finest planning systems in the world, if not the best. Few people relish the thought of returning to the conditions of the 1950s, when we lost so many of our historic buildings because of inadequate protection; a loss which, setting aside aesthetic considerations, represents a serious depletion of the stock in trade of the economically vital tourist industry.

Control is needed, and must include control of design. Unfortunately planning shares the weakness of other decision-making processes: it is always easiest to maintain the status quo.

Today there is much talk; all possible options may be aired, but effective decisions are often put off until expediency dictates and the element of the choice is lost. Tinkering with decision-making machinery avoids the real issue, which is of people being prepared to accept the responsibility of making a decision. Reluctance to do so may be the result of our

and it therefore concentrates on projects of national significance. The Historic Buildings and Monuments Commission has declared the archaeology of Salisbury to be of national importance yet recent applications for funding have been turned down. The Urban Rescue Committee of the Council for British Archaeology has identified medieval Salisbury as being worthy of designation as an area of archaeological importance under the Ancient Monuments and Archaeological Areas Act.

Salisbury is one of our most visited tourist centres and those who live or work there and have its future in their care expect more responsibility to be shown than this. The county and district councils have played their part and some developers have contributed towards a recording of the city's past.

It is too late even now to induce those who are saying "no" to be more constructive about our heritage and say "yes". Yours faithfully, LINDA KINDER (Chairman, Salisbury Archaeological Steering Group), 67 Marlborough Road, Wootton Bassett, Swindon, Wiltshire.

Killing of Cossacks

From Dr Robert Knight
Sir, John Gigg's report (feature, August 23) of Nikolai Tolstoy's argument about the forced repatriation of Cossack prisoners at the end of the war misread my argument. I never claimed that "Macmillan did not necessarily know it would be against Anglo-American policy to hand over Cossacks who were not Soviet citizens."

I argued, first, that there had been no discussion of the Cossack émigrés before Macmillan arrived in Klagensfurt; secondly, that he was not informed of a Soviet request to hand over leading Cossacks including some émigrés; and thirdly, that, as his diary shows, he thought he had agreed to no more than "scrupulous adherence" of the Yalta agreement.

Finally, if the handovers were immoral — as Tolstoy (letter, September 8) no doubt believes — then the blame lies with the British Government of the time and the point about the 3,000 émigrés is irrelevant. To hand over 42,000 people to death or imprisonment is not conspicuously less immoral than to hand over 45,000, whatever their nationality may be.

Yours sincerely,
R. KNIGHT,
10 Haver Place, Canterbury, Kent.

The final paragraph of yesterday's letter from Mr Paul Ashton and Miss Bakisio Sandhu should have read: "We feel sure that \$100 million spent in this way would save many more babies than the net 70-80 lives that might be saved by mass neonatal screening for MCAD deficiency."

allowing loss of popularity to become the ultimate offence in public life. To act upon bold and more positive decisions may be to risk public criticism — even the terrifying possibility of academic ridicule; but to preserve the status quo is, in plain terms, to do nothing, and possibly to lose the opportunity of regeneration.

In planning terms it should be remembered that many valued buildings owe their continuing existence and cumulative interest to the ongoing metamorphosis deriving from the enterprise of successive generations merely living and working and adapting to circumstances. The planning system, as it exists at present, recognises that to halt this process is to admit that we have nothing worth adding to the achievements of the past.

Nevertheless, where confidence and vision are lacking it may be used mistakenly, invoking stagnation by prohibiting change. The answer to the problem may lie in the direction of expanded dialogue among the interested professions, and a greater liberty in their respective training programmes and continuing professional development.

Yours faithfully,
JOHN S. ANDERSON,
The Old Stables, Harston, Grantham, Lincolnshire.

Sight-singing

From Mr Tim Friendship Hill
Sir, John Gigg's report (feature, August 23) that all foreign songs shown on French television must carry French subtitles.

When I worked in Brussels a few years ago I used occasionally to go to the cinema, where foreign language films were shown with the original sound track, but subtitled in French and Dutch.

One film I saw was set in small-town America in the late 1930s and the sound track included pop songs of the period. The song lyrics were also translated as well as the dialogue.

One song contained the line, "Now we are breaking up". This was rendered, memorably if unromantically, on the sub-title as *Maintenant, nous avons une rupture*.

Yours faithfully,
TIM FRIENDSHIP HILL,
30 Franklin Avenue, Tadley, Basingstoke, Hampshire, September 5.

Credit transfer delay by banks

From Mr G. C. Hurst
Sir, When banks depended upon post and rail transport to pass information from one branch to another or to another bank, it was reasonable that they should require some days for each transaction — although they did seem to take their time over it.

It is less forgivable that they still require the same time to elapse between a debit occurring at one account and a credit arising at another, even with the information moving at the speed of light.

When we receive a transfer of funds from overseas banks by cable they arrive at a London branch of our bank on the day the customer pays, but although the only operation is deduction of charges the bank still finds it necessary to take two or three days to credit.

Paying staff by transfer, even to local banks, has to be arranged three days in advance of their pay day, as they will not see their money until two full days after it has been debited from our account.

I am left with the thought that having increased the speed of information handling by use of computers, the banks' directors realised with horror that they were about to lose three days' unearned interest on every movement of funds. The easy answer was not to move them around too quickly and to stick together.

Yours faithfully,
G. C. HURST,
Surrey Roll Leaf Limited, Castleham Road, St Leonards-on-Sea, Sussex, September 2.

Anti-apartheid film

From Professor R. J. Fitzpatrick
Sir, The TUC has chosen unwisely the theme of its short anti-apartheid propaganda film, namely the discrepancy in doctor-patient ratio for black as against white South Africans.

By coincidence the film was released a few days after I had returned from an academic business trip, which included a visit to Medunsa (the Medical University of Southern Africa), near Pretoria, a new medical school, Government-funded on a generous scale and concerned, predominantly, with the training of black doctors, thereby improving the doctor/patient ratio.

Medunsa was established 10 years ago and is still growing; its dental school was completed this month and it is an impressive institute to British eyes. Whatever their other faults, white South Africans must be given credit for providing a first-class medical school for black students, with facilities comparable to those of British equivalents, with a dedicated multi-racial staff under the leadership of a most enlightened chancellor.

Yours faithfully,
R. J. FITZPATRICK,
The University of Liverpool, Veterinary Faculty, Leahurst, Neston, Wirral, Merseyside, September 5.

Delius premiere

From Mr Eric Fenby
Sir, Your announcement (some editions, September 10) of the forthcoming premiere of Delius's "American Rhapsody" calls for brief comment.

This work, written in 1896, was the composer's first version of his well known "Appalachia", which he completed in 1902. Remembering his fearless musical integrity, I am in honour bound to state that Delius rejected his "American Rhapsody" outright during an intense and exhausting scrutiny of all his unpublished MSS carried out scrupulously with my help over several months in 1932.

Yours faithfully,
ERIC FENBY,
35 Brookfield, Highgate West Hill, N6, September 12.

The Battle of Britain

From Dr Brian Porter
Sir, In only four years' time we shall be commemorating, with its fiftieth anniversary, victory in the Battle of Britain. It seems incredible and inexcusable that there is no national monument, such as a London statue, to the chief architect of that victory, a man who, many would hold, stands compare only with Nelson in the saving of this country in the field of arms.

If Dowding and his few are to receive due if belated honour in this form, now is the time to make and discuss proposals. Yours faithfully, BRIAN PORTER, Merville, Allan Road, Seasalter, Whitstable, Kent, September 9.

From Air Commodore R. A. Chisholm (ret)
Sir, How can the great victory in the Battle of Britain be commemorated for all time? It was an air victory and its commemoration should be so related. One idealist sees an emphatic memorial, a contemporary Arc de Triomphe, an archway spanning the entrance to our greatest airport.

Yours faithfully,
R. A. CHISHOLM,
Ladywell House, Alresford, Hampshire, September 8.

ON THIS DAY

SEPTEMBER 16, 1863

A few letters from a typical issue of *The Times* in the second half of last century — scattered about the pages at the whim of the printer. Not until Lord Northcliffe became proprietor in 1908 and brought some order to the mess — up and down did "Letters to the Editor" appear in the form we know them today.

FEES TO RAILWAY PORTERS

TO THE EDITOR OF THE TIMES

Sir, — Your correspondent "A Clegmarg" feels at a loss how to acquiesce in the rules of the railway companies forbidding fees, when he, having a large family of children, experiences what he erroneously considers extra attention and civility from the porters.

It should be remembered that the porters are paid, and, considering the nature of their duties, liberally paid by the company, not only for their time and labour, but for all the civility and attention they can show to passengers — that it is the special duty of station porters to render every facility to these customers of the company, and that failing in any of that civility or attention which they are hired to give, they are liable to dismissal.

If your correspondent goes into a shop does he fee the shopman who serves him so obsequiously, or the porter who so civilly takes the purchases to his car?

Civility and attention are in fact a portion of the value the customer is entitled to receive with his railway ticket, and in default of which he has good ground of complaint against the company, unless, indeed, he himself be a party to a system that must lead to the porters losing sight of their duty to the company, or performing it only when expecting a fee.

The best mode in which your correspondent can exercise his liberality is by subscribing to the Railway Benevolent Fund, as has been already suggested in your columns.

I am, Sir, your obedient servant, Sept. 16.

ANOTHER RAILWAY DIRECTOR.

A BRITISH COLONY IN DISTRESS

TO THE EDITOR OF THE TIMES

Sir, — Will you permit me, with your usual generosity, to make an appeal through your columns on behalf of the people of the Red River Settlement? The mail just delivered brings the sad news that not only the crops of wheat, barley, rye, and oats have been wholly destroyed throughout the entire settlement by a plague of grasshoppers, but that the supplies of buffalo have been cut off for the season at all events, as there are none of these animals (the hunters had just returned from the prairies at the date of our last letters from Red River, viz. the 7th of August) at present north of the Missouri River. These two calamities mean, unless assistance be at once forwarded, the absolute starvation of hundreds, and it may be thousands, of our fellow subjects at Red River during the coming winter. The present population of the settlement is about 14,000 souls, and the nearest source of supply is 450 miles distant from Fort Garry, so that speed in sending out relief is all important. The Hudson's Bay Company and the banks connected with British North America will, I doubt not, readily receive subscriptions in aid of those for whom I am now making this appeal.

I am, Sir, your obedient servant, THE EDITOR OF THE CANADIAN NEWS, 11 Clement's-lane, Lombard-street, E.C.

TO THE EDITOR OF THE TIMES

Sir, — I hope the public will now take the opportunity of giving the cabdrivers a wholesome lesson against a threatened repetition of the cab strike by following my example.

On returning last night from the theatre to my residence, a distance of three miles within a few yards, I handed the cabdriver eighteen pence, and on receiving his warm remonstrance reminded him that if he could afford to strike he could afford to drive for his exact fare.

The only visible effect of my objection was a remark from the cabdriver consisting principally of what, I believe, one of our legislators calls "strong Saxon English," but I question whether strikes would be frequent if the general public would show, as I did, that the inconvenience caused by them is not immediately forgotten.

I am, Sir, your obedient servant, Sept. 12.

J. H. H.

Identity crisis

From the Reverend M. R. Kemp

Sir, I don't seek to allow to fall into disuse the many (delightful?) archaisms in our language, or to threaten the continued usage of our "one-context" words the possibility of which was humorously suggested by Miles Kingston on September 4, but I am meeting, with increasing frequency, an objection from young ladies who come to marry in my church, to the use of the word "spinster" to describe their "condition" when I write out the certificate of marriage. I have to say that brides are bridling at being called spinsters.

I expect I should need official consent to the use of an alternative word, but I cannot myself think of what would be acceptable to the modern young bride. Can your readers, especially the young ladies who are themselves contemplating matrimony, please suggest an acceptable word?

Yours faithfully,
MICHAEL KEMP,
St Chad's Vicarage, Linden Avenue, Norton Woodseats, Sheffield, South Yorkshire.

the Intel microprocessor which is set to have a profound impact on the computer industry and its customers

Compaq set to be first past post

FOR personal computer manufacturers, the 386 represents "a major step up in performance capability, without sacrificing compatibility," says Mike Swavely, marketing vice president of Compaq Computer, the leading US manufacturer of IBM-compatible personal computers.

Compaq is expected to be one of the first major personal computer vendors to introduce a 386-based system. Although the company will not say exactly when it will launch the new computer, industry reports suggest that it may come as early as next month. This would give Compaq an easy lead over IBM, which is not expected to introduce a 386-based computer until next year.

The 386 is ideally suited to the personal computer market because it can run the wealth of software applications designed for the IBM PC, but IBM's tardiness in



THE FINANCIAL TIMES, 14.8.1986.

THANKS FOR PLUGGING THE LEAK.

Oh well, people were bound to talk. The 386 microchip is big news.

It has the potential to address an awesome 4,000,000,000 bytes of working memory.

It can also run your present industry-standard software two to three times faster than today's fastest desktops.

So we weren't surprised when the Financial Times came sleuthing round to see if we really were building a 386 based machine.

We hemmed, we hawed, we beat about the bush, but they wouldn't take 'no comment' for an answer. As you can see, they drew their own conclusions.

Now, while we would dispute that a tortoise is an apt symbol for a company that made the fastest ever entry into the Fortune 500, we can no longer deny the rumours.

You see, this week we launched the most advanced personal computer ever made, the COMPAQ Deskpro 386™.

COMPAQ DESKPRO 386™

We'll never cease to amaze you.

Publish desk-top and be saved

By Claire Tyerman

In just over a year, desk-top publishing has developed from a luxury for the few to a reality in many offices throughout the world.

The users vary from "one man and his dog" publications to multi-national corporations. Desk-top publishing cannot be defined merely in terms of equipment. It is really an extension of word processing, a publishing process suitable for individuals or small groups, but which does not need unique skills nor cost the earth to set up.

Until now the leader in this fast-moving field has been Apple. The Apple Macintosh with appropriate software and a laser printer can be used to make up pages for reports, manuals and magazines. IBM is now starting to take a place in the market, although the real explosion could happen next year when firms such as Rank Xerox and Wang make their debut into desk-top publishing.

The US computer magazine, *PC World*, has just brought out a supplement which specifically covers the topic of desk-top publishing. Naturally, the technology itself is used to write, edit and produce the supplement. Called *Pub-lish*, it will soon be a magazine in its own right.

In Britain several in-house magazines are starting to use desk-top systems for production from copy input to layout. The number of desk-top publishers will increase as the price of the equipment falls from the present cost of about £5,000.

Already the days of the traditional typed parish magazine or community newsletter appear numbered. The possibility of home publishing could herald the age of a new breed of publication: a magazine or newspaper which falls somewhere between the typed



Apple's desk-top publishing system in use for a student newspaper during the Edinburgh Games

newsletter and the glossy magazine.

It will give community groups and specialist societies with low budgets the chance to bring out publications of a professional standard.

The quality is such that a desk-top publication, in technical terms at least, could be sold commercially.

At present there is no real threat to the local papers, weekly publications and glossy monthlies from desk-top publishing. Though the quality of text is good, the incorporation of photographs still has to be done professionally to get an acceptable result and desk-top publishing does not provide a facility for colour.

It may be necessary to spend some time for users to get to know the system before good, clear and readable page layouts can be made.

But how long will desk-top publishing sit in this niche between the typed newsletter and professional publications?

Changes in the computer industry tend to be rapid. This year it is possible to produce a magazine with a limited number of pages and typefaces in black and white. By the end of the year the number of typefaces available will have increased, as will the maximum number of pages which can be printed.

There will be more systems with more "special" features to choose from.

One dissenting voice in all this is Steve Jobs, the former chairman of Apple, who says that desk-top publishing as a specific new market will disappear in less than two years as new features are added to ordinary word-processing packages that can do exactly the same.

New power chip boosts the PCs

The next generation of business computers based on a powerful new chip have started to put in an appearance with the claim that they will yet again revolutionize parts of the business world and the work of computer staff by the beginning of the 1990s.

Both the successful makers of IBM clones, Compaq and the British company Rair, have launched the first models to use the innovative 386 processor manufactured by Intel.

Unlike current 16-bit personal computers they will process 32 bits of data at a time allowing desktop computers to run much faster and handle far greater volumes of computer memory and storage.

Compaq says its two new models, the Deskpro 386/40 and 130, can run current industry-standard programs two to three times faster than current personal computers, but admit that the appeal is somewhat limited until



Joe McNally: Replacing minicomputers

Prices for the Compaq micros start at about £5,000 while for Rair, which announced a machine that can handle several users at once, prices start from £19,000.

"It will extend the range of personal computers to applications previously requiring the power of a minicomputer," predicted Joe McNally, the managing director of Compaq.

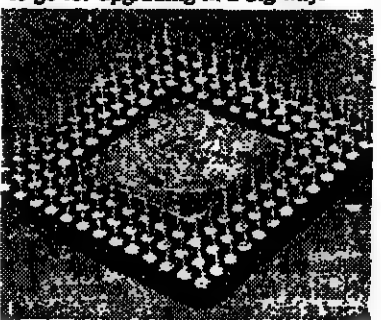
And there is some support for his view with Hambrecht & Quist, the Californian research consultants, already referring to machines based on a 386 chip as potential Vax killers — a reference to Digital Equipment's current minicomputer range believing "downsizing" will become popular once the 386 becomes established.

How many of the millions of customers for existing personal computers will require such extra power and speed is arguable.

Early purchasers are expected to be businesses running large databases, spreadsheets or sophisticated integrated software packages, who have managed to overload their personal computers at the top end of the range, such as the IBM PC/AT.

One customer for such machines could be the City. John Parker, a director of ISG data sales, is one of several people selling equipment to the City in preparation for the Big Bang who believe that some companies using personal computers are in for a nasty shock.

"Once stockbrokers and banks go on-line the limitations of their existing PC systems will become apparent," he said. "Many will be found inadequate for the tasks in hand and these customers will have to go for upgrading in a big way."



Intel's 386 chip: New era

Equally, those specialist applications such as computer-aided design, engineering and other fields where manipulating computer images requires huge amounts of power, are seen as a ripe field for development using the new chip.

And powerful but relatively cheap systems based on the 386 could give a much-needed boost to the idea of expert systems and artificial intelligence as commercial products.

To exploit the possibilities for providing a system that can handle multi-user and multi-tasking operations, Compaq announced plans to introduce a Xenix operating system for the new machines by the middle of next year.

Of particular piquancy to the computer industry is that IBM, the leader and originator of the whole PC boom, has yet to launch such an advanced product. Compaq which has previously made its money from cloning IBM computers has, assuming IBM eventually follows in the same path, launched an IBM-compatible machine before the computer giant itself.

Some argue that IBM's slowness with the technology is because it could harm sales of its current machines if it came out with a more advanced model too soon.

By 1990, machines based on a 386 chip, argue its advocates, will be the mainstream business computers as the extra power will have been exploited to make PC's easier to use.

Commodore starts to trim its sails

By Geof Wheelwright

The worst should be over at Commodore UK. Jobs have been cut, unpopular models have been discontinued and the company has started trying to think a lot smaller.

Last week, it took the very telling step of finally vacating its vast manufacturing and management building in Maidenhead.

UK managing director Chris Keady said: "It's obviously not been achieved easily. It's a lot more difficult to scale something down than it is to scale it up."

The change from being a manufacturing entity that provided up to 600 jobs at its peak to a management and distribution firm with fewer than 100 employees has changed Commodore's outlook considerably.

To start with, the company has realized that much of its future business with the possible exception of the Commodore 64 and 128 computers is not going to be in the high-volume box-shifting market.

With the advent of the low-cost, small-business PC, Commodore's Amiga computer has not been able to compete on price — and is thus trying to make the most of its unique sound, graphics and

animation abilities. Those abilities have — despite many industry critics who believe the Amiga cannot find a market — had some appeal in the education, business presentation, scientific and technical fields.

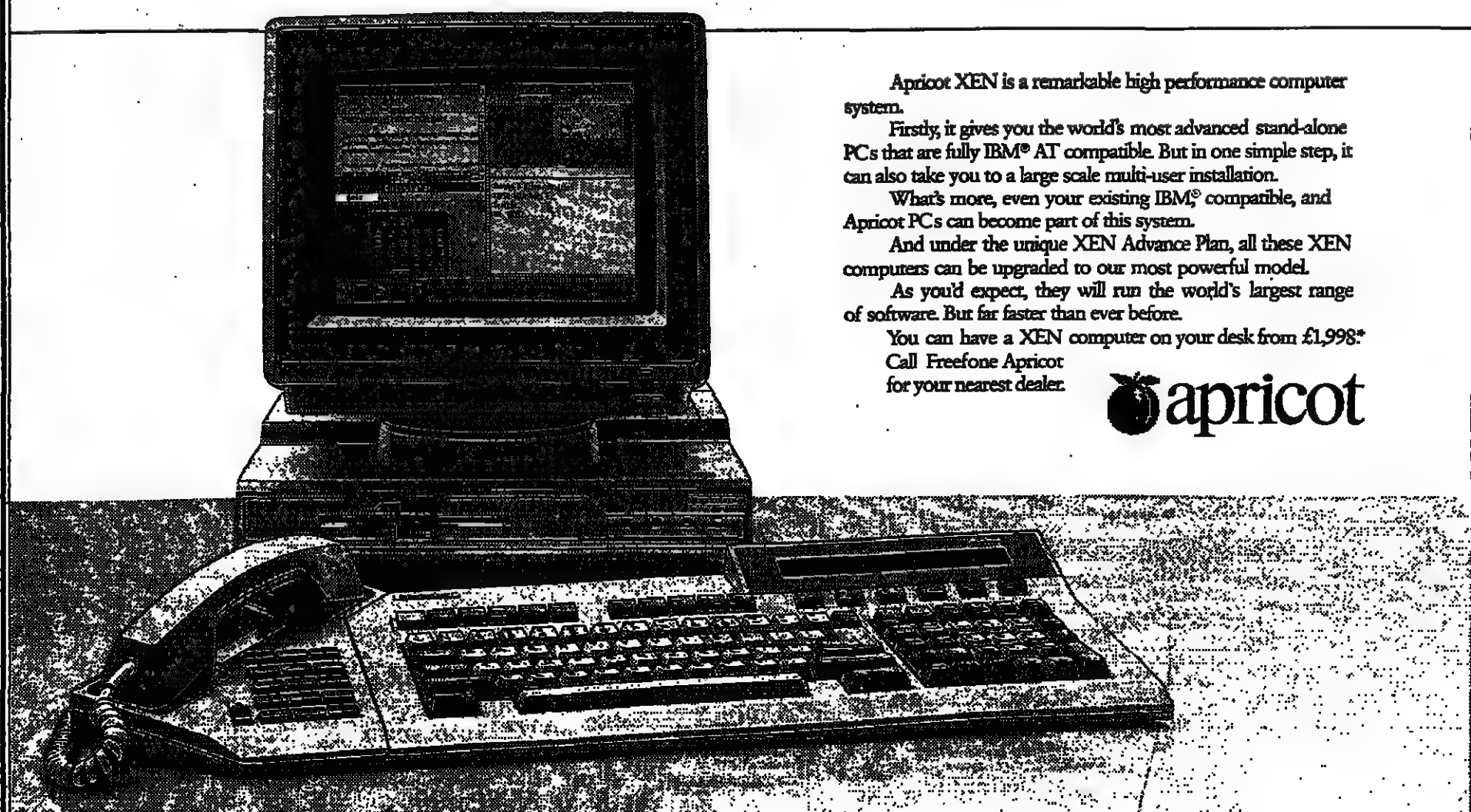
One archeological group, for example, has found a way to marry the Amiga's state-of-the-art computer technology with the filing and cataloguing of centuries-old fossils.

The Amiga can store detailed digitalized pictures of each fossil, along with information about what it is, where it was found and how old it is, using a picture-oriented computer-filing system.

In the age of the £500 PC, the £1,500 Amiga could also provide computer dealers with a way of making money. Mr Keady said: "The mainstream PC market has moved on to the high street. Dealers are looking for high-value products on which they can make a reasonable margin."

Unlike the Commodore of old, where the company moved at such a pace that few could keep track of it, the new Commodore will move a lot more slowly. Mr Keady says: "Our approach is not a fast approach."

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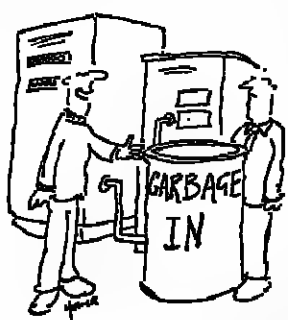
The not so friendly system

Channel 4's Equinox series this Thursday turns its attention to the computer industry and finds little favourable to say about it. Software specialist, Malcolm Lewis Jones, for example, says: "Most so-called user-friendly systems are about as user friendly as a cornered rat. I'll bet you never heard a user calling a system friendly." One chief executive of a computer retail chain believes the industry is peopled largely by cowboys while, Eddy Shah is interviewed on how far early problems at Today were the fault of computers. Equinox is on at 8pm.

■ Something of a bible for those programmers using advanced assembly language and the language C has been published by Microsoft through Penguin in the UK. *Advanced MS-DOS*, written by Ray Duncan, is a 450 page manual which aims to give sufficient detailed information on the various versions of the operating system to help programmers writing applications under MS-DOS. Price is £19.95.

■ A desktop publishing program, *NewsWriter*, for IBM PCs and compatibles is now on sale in the UK for £767. Designed to produce newsletters and reports, the program, from the London-based Cognita Software, can handle laser printers and cheaper dot matrix printers for proofing, headlining, artwork and editing. A multi-user version using the Xenix operating system is also available.

■ Last year, nearly half of all United States patents went to foreign inventors. During the past 25 years, the number of US patents granted to foreigners has grown four-fold from 11 per cent of total patents awarded in 1961 to 44 per cent in 1985. "There are signs that today invention is on the wane in America," said Senator Charles Mathias, chairman of a Senate



'It's a self-perpetuating system. The garbage goes in here and powers the computer'

subcommittee on Patents, Copyrights and Trademarks. "In too many fields we are losing our competitive edge to foreign nationals who are increasingly taking advantage of our patent system and beating us at our own game."

COMPUTER BRIEFING

■ The Tokyo-based Mitsubishi Metal has said it will acquire Siltec Corp, manufacturers of silicon wafers and other electronic equipment, for an estimated \$33 million (about £22 million). The acquisition, which was described as a "cash merger", was announced in a letter of intent issued jointly by officials of Mitsubishi and Siltec.

■ A data bank which lists several thousand incidents involving chemicals during the past 25 years has been set up in the wake of disasters like that at Bhopal in India. Users can ask the computer for details of particular incidents to find out what caused them and whether there are any lessons to be learned.

The Major Hazard Incident Data Service has been set up by the Health and Safety Executive and part of the UK Atomic Energy Authority.

Payments of between £220 and £800 will be needed, depending on the use made of the service. Nuclear accidents have not been included because these are already logged by the International Atomic Energy Agency in Vienna.

■ An Atlanta housewife says she will have to mortgage her home if she has to pay her latest phone bill totalling more than \$90,000 (£58,000). The 400-page bill was two inches thick and arrived after computer hackers discovered her personal code and used it to make long distance calls around the US. When she called the phone company, Jessica Barnett said: "They asked how much and when I told them they laughed." It was not Mrs Barnett's first problem with the phone company. She got a \$17,000 bill in July but thought it was straightened out when she didn't get a bill last month. But the bill that arrived this week included \$70,000 in past-due charges.

■ China has released its first government "white paper", a 322-page volume outlining its science and technology policies. The report, which has not been translated into English, is divided into seven parts — historical transition, policies and legislation, research and development, commercialization of technological achievements, environment and resources, statistical indicators and important documents. It includes background on programmes crucial to the government's modernization drive.

These include the transfer of technology from the military to civilian sectors and setting up of venture capital organizations to spur high-technology and the space and nuclear programs. The five-year plan outlines 78 key projects in the science and technology field, with "several" billion yuan (£1 equals £24 yuan) budgeted for the period.

Why Britain needs more professionals

■ Britain has an excellent reputation for the quality of the people working in information technology. But GEOFF SHINGLES, managing director of Digital Equipment in the UK, argues here that the chronic shortage of experienced professionals will prevent Britain from succeeding

Were it not for information technology the City institutions would not be preparing for the impending challenge of the Big Bang. Access to the products and skills of the IT industry is vital for success in the faster, more competitive environment that deregulation will encourage.

Few sectors of industry and commerce have been unaffected by what has become the fastest-growing industrial sector in the world economy. Overall growth is at a rate of 15 per cent a year. Areas such as semiconductors and data communications have a world annual growth rate as high as 20 per cent. The effects of this expansion can be judged by the fact that half the IT products available today did not exist three years ago.

Currently, the UK's IT industry is achieving a growth rate of only 8 per cent a year. The Alvey Committee reported that our "basic economic situation dictates that we must become a net exporter of high technology, high value-added products". It also suggested that by 1990 the UK could have an adverse balance of trade in IT products of £1 billion a year.

If we are to reverse the trend of industrial decline we must substantially increase our share of the IT market. A world-class technology base is essential for a nation to compete successfully in world markets. For the UK, success-

ful exploitation of IT could mean the difference between an economy equipped to face the 21st century and a steady economic decline.

The principal constraints affecting the UK industry are a lack of collaboration between organizations involved with IT and, more importantly, a chronic shortage of properly trained personnel.

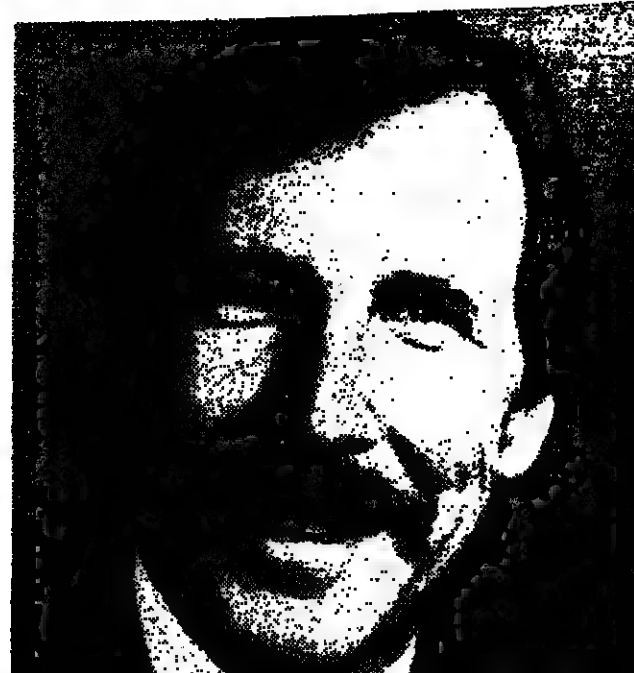
The UK's IT industry employs around one million people, of whom 70,000 to 100,000 are graduates in an IT-related discipline. Most are employed by suppliers and manufacturers as electronics, software and equipment systems engineers. The rest are employed by organizations that use IT products to improve efficiency and performance.

Our IT expertise and resources are widely scattered throughout industry, research companies and the academic sector. Compared with other countries, the relationship between the UK's IT industry and its research and academic

Excellent reputation for research quality

institutions is neither as close nor as fruitful as it could be.

There is a definite correlation between education, the skilled manpower base and above-average economic performance. West Germany,



Geoff Shingles: Industry can not solve problem alone

for example, invests £5.5 billion a year in in-house training, and all skilled workers must have qualifications. The UK, with a similar-sized population, invests only £2.5 billion a year, and many organizations have cut back on apprenticeships and training.

The UK enjoys an excellent reputation for the quality of its IT manpower resources and its research — regarded as second only to the US. The great difficulty is in quantity: our supply of skilled personnel is extremely limited. This problem must be addressed if we are to remain a competitor in the world IT marketplace.

The rapid growth of the industry has demanded a corresponding growth in the number of IT graduates. This is expected to continue over the next few years as more organizations implement IT solutions and IT becomes the economy's leading sector.

The Butcher Committee reported that most IT producers in the UK were planning an output increasing at 20 per cent a year for the rest of the decade. In consequence, demand for graduates will increase by 8 to 10 per cent a year. This year, however, universities have reported a decrease in the number of science students to the extent that there are even vacancies.

In practice, graduate demand is likely to increase faster. The Alvey Directorate estimates a shortage of 5,000 IT graduates by 1988. The Manpower Services Commission puts the figure at between 7,000 and 10,000.

In 1984, the House of Lords Science and Technology Committee recommended that the Government set up an

agency to take on manpower planning for the IT industry. The Government, like most of the population, has a fairly jaundiced view of quangos and suggested this was industry's task.

I believe that industry cannot solve this problem alone. The skills shortage is directly related to such issues as education policy and Government spending. The establishment of the CBI's IT Skills Agency is welcomed, but the issue requires direct collaboration between industry and Government.

Each year some 8,000 students graduate from UK universities and polytechnics with first degrees in electrical

University cuts have taken their toll

or electronic engineering, mathematics, physics and computer science. About 6,000 enter the IT industry. (Japan produces 75,000 graduate engineers of all disciplines, the US 72,000.)

Post-graduate conversion courses equip graduates from other disciplines for employment in the IT industry, and the industry itself devotes considerable energy to upgrading its manpower resources, including staff with non-IT backgrounds. Investment in training is an essential component of corporate manpower planning.

The industry could absorb significantly more graduates than are currently available to it. The 1981 cuts in university education seem to have affected IT-oriented first degree courses more than some others. The Government's initiative

in reallocating £43 million of the education budget to IT courses is welcomed, but the planned reduction in student numbers is cause for concern.

At DEC, some £7 million is spent on staff training annually. At 1.5 per cent of our turnover, this is equal to that of Japan, where major corporations invest heavily. We view this spending as being an essential component of our corporate manpower planning.

The move to increase the supply of properly qualified graduates should begin in schools, with an improvement in the quality and quantity of computer science teaching. Teachers must be properly trained and able to keep up with a constantly evolving area. In addition, computer languages taught to the next generation must be chosen with foresight.

More girls should be encouraged to study science A-levels. A recent Equal Opportunities Commission found that boys dominate classes in computer studies.

Higher education establishments must increase the supply of IT graduates and offer courses that equip students for IT careers. First degree courses should seek to develop skilled engineers and provide future researchers.

Business skills are also vital to the IT industry — skills that include communication, decision-making, problem-solving, presentation skills and commercial awareness. Science students at Hatfield Polytechnic have the benefits of the college's Communications Unit. More students should have access to such facilities.

The UK needs to do more to encourage its IT academics to remain in the country rather than join the flow to the USA.

There must also be tighter links between industry and academic establishments: some technical-level computer science courses fail to produce graduates with the right skills. Commercial organizations should encourage staff to become visiting lecturers and "distance learning" should be exploited as a fruitful point of contact between academics and industrialists.

Industry should sponsor suitably qualified young people to read IT-related subjects at university or polytechnic and offer work experience opportunities to local fifth and sixth formers.

Though industry can help with resources and finance, the Government must take the initiative and co-ordinate efforts.

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Events

Electron & BBC Micro Show, UMIST, Manchester, September 26-28 (061-456 8895)
New Technologies in Training, Kensington Town Hall, London, September 30-October 2 (01-727 1929)

IBM System User Show, Olympia 2, London, October 1-3 (01-808 1161)

Electronic Point of Sale Exhibition, Barbican, London, October 7-10.

DEC User Show, Barbican, London, October 14-16.

Electronic Message Systems Conference, Tara Hotel, London, October 27-29, Registration fee £570, (01 868 4456)

Compos, Olympia, London, November 11-14 (01-821 5555)

CIMAP - Factory automation, National Exhibition Centre, Birmingham, December 1-5, (01-891-3426)

Overseas

EuroDec 86, Intercontinental Hotel, Fontenay, Hamburg, West Germany, September 23-25 (01-403 1473)

Artificial Intelligence and Parallel Computers, Wiesbaden Penta Hotel, West Germany, September 23-24 (01-486 0845)

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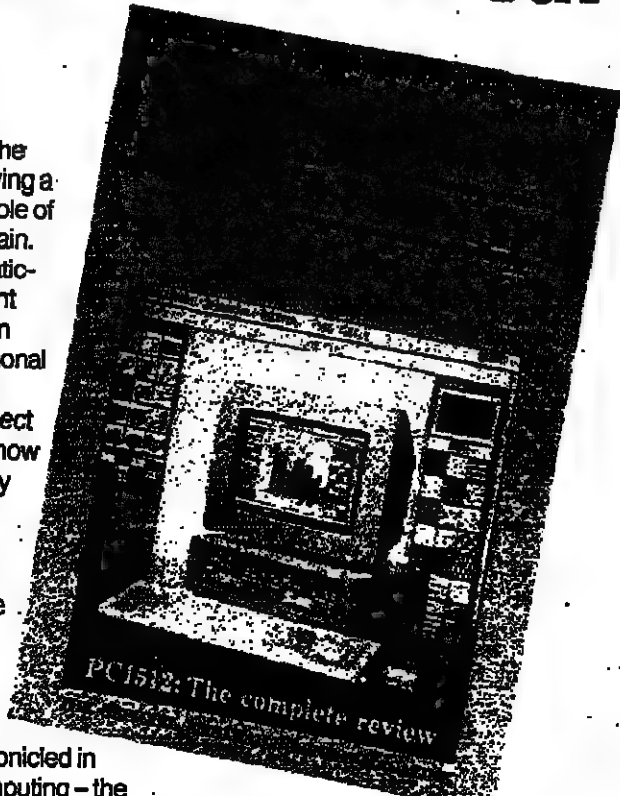
Amstrad P.C. revealed!

This month's arrival of the Amstrad PC is already having a profound effect on the whole of desktop computing in Britain. Software prices are dramatically tumbling and significant changes are taking place in both the marketing of personal computers and their subsequent support. One aspect of the sweeping changes now well under way is that many more executives and managers are being introduced to the mysteries of personal computing for the first time.

The role of the Amstrad PC and its effect on British business at all levels is chronicled in Amstrad Professional Computing — the Official Amstrad PC monthly magazine — which is now on sale at leading newsagents.

It is also available on subscription of £15 for the next 12 issues. Write to:

Amstrad Professional Computing, FREEPOST, 36 St Petersgate, Stockport SK1 1HL. Subscribers will also receive a deluxe binder with their first issue.



Big Bang could be a whimper for some

The big noise surrounding the financial deregulation of the City next month is still tempting many people, from youthful programmers to experienced analysts, into City computing. But it may not be the grand dream for some that the current publicity would have us believe.

Some computer recruitment experts say the Big Bang has little to offer in long-term career progression. Inside the City, they argue, major banks, insurance companies and the Stock Exchange need people with expertise and experience to control longer-term projects than the Big Bang, which is based solely on the competitive need to cope with projected future technological financial systems.

The need to extend computing power is phenomenal — speed of transaction and service is what the financial institutions are after. That means expertise of a special nature.

"All the Big Bang has done is to push people in the City to think about their place in the market," said Barrie Frost, director of Alimand Computer Resources, a recruitment organisation for City



Barrie Frost of Alimand: 'We will soon start to see redundancies of non-essential staff'

head-hunters. Some of more than £70,000 a year are being offered to the right people and that's before the perks, averaging another £10,000 a year.

Future computing bosses for the City are those who can lay down adventurous plans in areas such as communications — especially local and wide area networking. A feel for technology and knowledge of how the City operates and how international business is managed, are keys to the large incomes.

At Lloyds Bank, as with many others, management skills are constantly sought among data processing professionals for work in the international departments. There is a high demand for managers experienced in long-term planning, especially with money-market systems.

"Finding data processing professionals with a working knowledge of the City is not easy," said John Patient, recruitment officer for the bank's management services. "There is shortage of management skills at the higher level and a lack of technical skills among many of the systems programmers and analysts who approach us. There are plenty of applicants who are knowledgeable on micro-computers, but finding systems programmers with, say, two years' relevant experience is difficult."

"The real problem is the need to produce high quality user-friendly systems that run

on large mainframe computers but which have to communicate with numerous other machines. People needed for this type of work must be experienced. The successful ones will have the opportunity to move into management."

Shortage of management expertise, both now and in the future, is being met at Lloyds with a "grow your own"

policy. This summer Lloyds has taken on 100 trainees in data processing — 40 of them in applications research and development. At first they learn, in addition to computer training, skills in personnel management, supervision, writing and presentation. Later, with promotion, further management techniques, such as interviewing and negotiating, are taught.

But while programmers and analysts are potentially high salaried future managers, and thousands of jobs are available in connection with the Big Bang, outside the banks and large insurance companies many of the posts could be short-lived.

Some of the work on offer for systems and programming people is either for small

banks that want to catch up on technology, or for those who feel they should have some sort of systems ready by October 27. But most of the work is in developing package systems often within systems houses. Soon the only need will be for those aiming at the heights of data processing management. Youthful experience will not be enough.

"I think that we will soon start to see redundancies of non-essential staff," said Mr Frost. "There will not be as much call for further development work in connection with the Big Bang. Far less people will be needed and then only to provide package support on the systems already developed."

Typical of the jobs on offer, but not advertised, include: a manager of administration for database management systems at a starting package of £45,000, customer support managers with a £50,000-£60,000 package and head of marketing software services with an £80,000 deal. The posts have little connection with Big Bang, more with future technology needs for other City activities.

Skilled professional systems programmers can get a good deal out of the City now. The £100,000 a year data processing job is not far away.

IBM spots way to smaller chips

By Frank Brown

The alchemists' dreams of transmuting metals has moved a small step nearer reality with an announcement by IBM that it has taken the world's first pictures of surface atoms and the bonds that hold them in place — the driving forces which shape and distinguish different materials.

It should increase the possibilities for research into creating new materials and understanding how biological

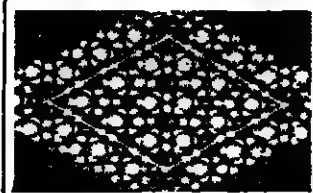
cause only the electron clouds around atoms could be studied.

Using the new techniques, IBM scientists have determined the location and the characteristics of a variety of bonds on the surface of silicon, widely used to make microchips and therefore of critical importance to the computer industry.

Minute defects in silicon can create problems in the fabrication and operation of semiconductor devices and as these devices get smaller and faster the ability to find and eliminate such defects will become more important.

The complex rearrangement of atoms on surfaces, particularly on the surface of silicon, has been the focus of scientific attention for more than a quarter of a century, because the electronic properties of surfaces differ from those of the interior.

The computers of the future will need faster and denser circuitry that will be made from smaller and thinner semiconductor structures. As these structures become thinner, a greater proportion of their substance will be on their surface and therefore governed by surface properties.



Atomic surface

processes occur at the atomic level.

The bonds have been pictured using an instrument called a scanning tunnelling microscope, which IBM invented in 1981. It is the first microscope to show how atoms are arranged on the surface of a material and the electrons responsible for bonding.

Up to now the location of chemical bonds has had to be inferred approximately, be-

JOB SCENE

By Eddie Coulter

computing personnel. "There is still a strong demand for programmers and analysts to work in the City — and there is no doubt that they are needed."

But it implies there are more career jobs than there are. Big Bang is only short term for most of these people. Yet there is big money to be made. The UK generally, and the City in particular, has a shortage of specific skills especially in senior management decision makers with City knowledge and computing awareness in specific areas.

Most of the requirements focus on those with long-developed skills, particularly in areas such as communications. But such talent needs to be supported by management expertise and that can only come with age. It appears that market attitudes to being finished at 40 are changing.

Away from the £10,000 to £25,000 salaries now on offer, the high salaries are not usually to be found advertised — only discussed through

The threat to UK software

By Darrell Ince

Academics and industrialists rarely agree on anything. They are unanimous that in the next decade the way we produce software will change radically. It is the nature of this change that threatens the viability of many software companies operating in Britain.

The change involves the considerable amount of automation that will occur in software development soon. More specifically, it involves the increased use of automated software tools. These are sophisticated computer programs which can produce considerable labour savings for many software activities.

Now the production of a complex software system involves such activities as requirements analysis, specification, design, programming and testing. Requirements analysis is the process of eliciting a customer's requirements for a piece of software. Specification is concerned with clearly describing the function of a software system.

Design is the process of defining the architecture of a software system and testing is the process of checking that system for correctness. There is now enough evidence from completed software projects that of these activities, programming is the easiest and it is the other activities that are critical. For example, errors in requirements analysis have led to the cancellation of multi-million dollars projects while programming errors usually only add man-hours to the elapsed time of a software project.

A major bottleneck in software projects involves these activities. They are normally performed manually and are highly labour intensive. They are also complex activities which are error-prone. Enough research has now been carried out in the United States to suggest that the automation of these activities can lead to huge savings and that these savings can be achieved by software tools.

For example, it is clear that effective tools for software specification can now be constructed which check a requirements specification and software designs for completeness, lack of ambiguity and internal consistency.

The problem for the British software industry is that it has in the past taken little interest in the development of software tools. This is a system of

more serious troubles. The first is that the British software tools in the US and Japan have normally arisen from such departments whose proportions dwarf those of their British counterparts. The second trouble is that the British software industry has not really been interested in selling products. A large proportion of its revenue has been generated by constructing one-off pieces.

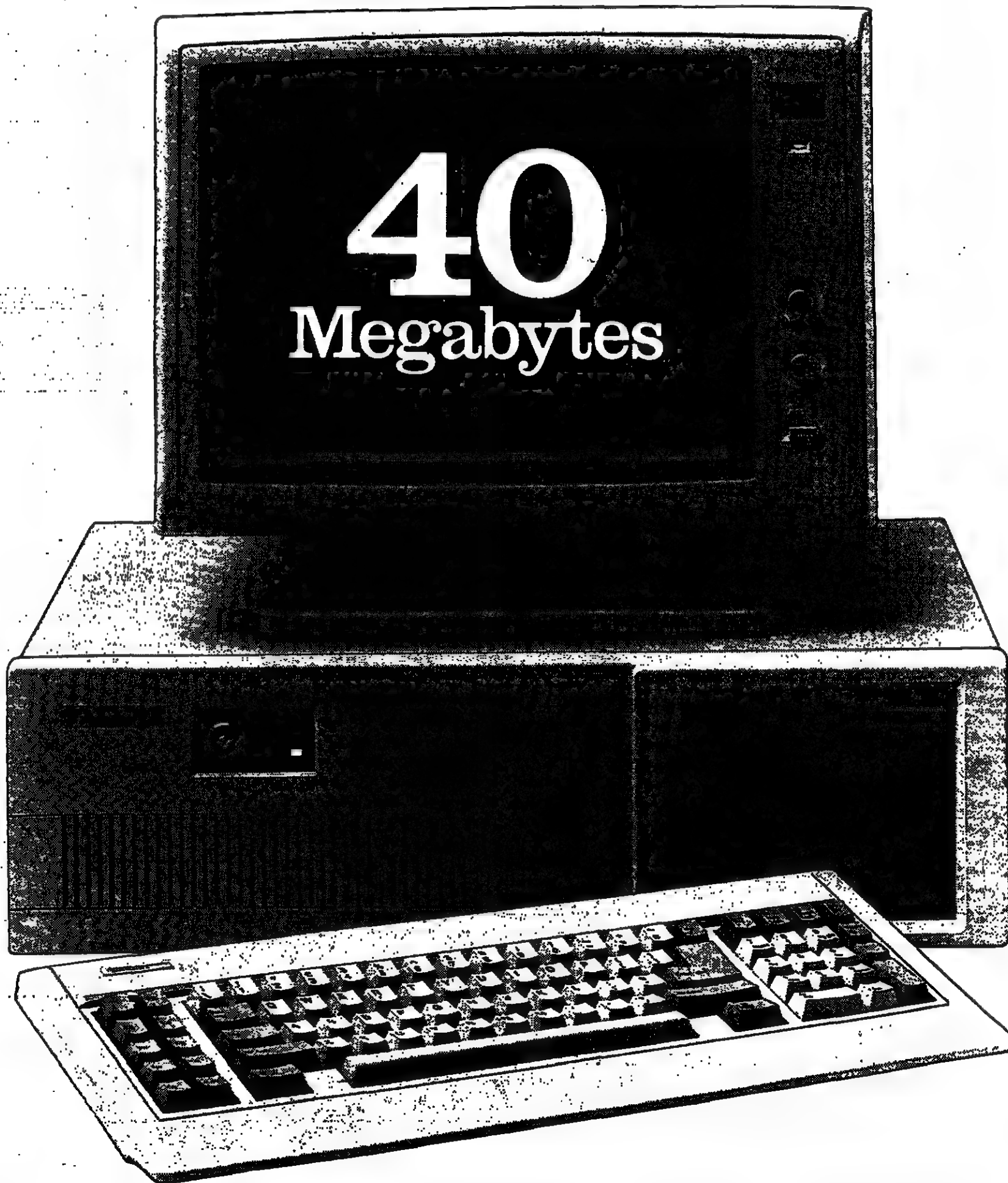
A software company will normally tender for a software contract, to be awarded if, hire or purchase the staff required and then use the customer's hardware for development. It is an attractive strategy. It involves little risk, little capital outlay is required before being awarded a contract, no long-term investment in people is needed and a clever manager can ensure that staff resources are fully used.

But it is clear that major changes are about to occur. Government strategy in both the US and Japan is aimed at the development and promotion of software tools. The British software industry is, in many respects, in the same position of the bespoke tailor 30 years ago. Every town had a number of such tailors. They produced one-off suits of a high quality. However, mechanization and man-made fibres ensured that the business fell to a small proportion of its peak.

The British industry produces high-standard one-off systems but has had a poor track record in developing and selling off-the-shelf products. A start has been made in that the Department of Trade's Alvey strategy has as its main aim the production of software tools. The prospect of 50 per cent funding has at least persuaded some software companies to start work in this area. It may be too late. US companies have been active in the area since the mid-1970s.

One thing is clear. British software companies cannot depend on one-off software to keep them afloat. The major aim of software tools is to reduce the resources required on software projects. These tools, which include rapid development systems, fourth generation languages and prototyping environments, will put more development power into a customer's hands. It could well lead to the situation where it will be economically feasible for customers to produce their own software at relatively low cost.

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COMPUTER HORIZONS/4

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What's in a name — the danger of those designer job titles

By Richard Sanson

To be just a computer programmer or systems analyst is not enough in the design-conscious 1980s. It sounds both more creative and trendy to be a systems designer, which goes rather better with the Gucci shoes, Armani suits and the designer furniture.

Even more up-market is to be a database architect, it sounds as if the holder has been to college for at least five years to qualify.

But the reality is that if the computer language used is at all "user friendly" the job will be less demanding and probably better paid than an old-fashioned Cobol or Fortran programmer. So, you get both the impressive title and less technical hassle.

One City firm is currently advertising for someone with the glorious title of network centre support manager whose task will be to "devise and implement problem-management procedures". This is jargon-speak for clearing up disasters. Such people may well be necessary in the Square Mile during the next few months after October's deregulation of financial services.

Job titles for sales people seem to give particular trouble, perhaps because in some fields the words salesman or saleswoman still lack any aura of professionalism.

The first computer sales people I came across were



called investigators. They were qualified accountants who investigated the client's — not customer's — accounting procedures and would put in a report on the possibility of mechanizing them.

Very few computer sales people actually have the words salesman or saleswoman on their cards. It is more likely to be sales engineer or sales executive.

In fact, there is a whole hierarchy of account persons, ranging from an account executive who sells computers to small businesses, an account manager who sells to mid-sized firms, to an account director who wheels and deals with big corporations. International account direc-

tors tend to talk only to the global information services managers of the multinational.

Misleading and meaningless titles can be dangerous. In one firm a manager hired a team of progress chasers for a new computer project.

In choosing titles for these people, he permuted the words programme, schedule, control and system. So one progress chaser was the system schedule controller, another the program control scheduler and a third the control schedule programmer.

As no one knew what any of these people were really responsible for, the product not surprisingly missed all its deadlines and nearly brought

the company to a halt. So those thinking of changing jobs should be wary of some designer job titles if they just look like sloppy thinking by management.

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TECHNICAL SALES SUPPORT

To cope with the increasingly heavy demand for rapid information within the City, this company has launched a major new system and is now seeking Technical Sales Support staff. Applicants should have circa 4 years experience of high level customer liaison on multiple IBM PC networks and have undertaken proposal writing and demonstrations. Any experience of working in the Financial Sector would be of benefit. There are no age or educational limitations, but the successful candidates will be highly presentable and be able to demonstrate the ability to work on their own initiative. Although most of the time will be spent in the City, applicants must be prepared to travel to the home counties as necessary. The superb salary on offer will be complemented by a company car for high-calibre people. REF TH 14596

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A SPECIAL REPORT ON
AIRPORTS

THE TIMES

FOCUS

September 16, 1986
By Arthur Reed

The flight to private ownership



The structure and management of Britain's airports are about to undergo fundamental changes after the passing on to the statute book last July of the Airports Bill. The Government hopes it will provide a new stimulus to efficiency and innovation from which all airport users will benefit.

According to the timetable to which the Department of Transport is working, the British Airports Authority, with its seven airports at Heathrow, Gatwick, Stansted, Glasgow, Edinburgh, Prestwick and Aberdeen, should be privatized in the first half of 1987. The larger local-authority airports should be established as public airport companies by next April.

The new Act retains wide powers for the Government over the way air traffic is distributed between Britain's airports. The Secretary of State for the Environment can direct airports to ensure fulfilment of Britain's international aviation obligations.

He can make rules governing the distribution of traffic between airports serving the same area. He can set limits on air-transport movements.

The Civil Aviation Authority is empowered to impose conditions on any airport to make them disclose cross-subsidization, trading practices or pricing policies which discriminate unfairly against users, abuses of an airport operator's monopoly position and predatory pricing against other airports.

Not everybody is impressed with this effort to make the airport industry more dynamic, and to have it give its

customers, the passengers and freight-shippers, a better and more economic deal.

Sir Adam Thomson, chairman of British Caledonian Airways, said recently that despite the emergence of a privatized British Airports Authority, the airports problem would remain with government, and it would be they who had "to put on the oven gloves and deal with that particular hot potato".

The Government would have to decide whether any privately owned airport operator could bring forward plans to place a new airport "in some voter's backyard".

Sir Adam continued: "The provision of adequate airport capacity is right at the heart of our industry. What this means is that if government has a policy of encouraging the airline industry to develop, it must accept the twin responsibility of ensuring that facilities are available to meet that requirement".

Facilities to meet the requirement

Sir Adam's comments are particularly apposite at Heathrow and Gatwick which are now full at certain peak hours during the summer months, and where the Minister of Aviation, Michael Spicer, has recently ordered a ban on freighter aircraft and executive aviation flights at such times, to the fury of these sectors of the industry.

Captain David Antrobus, chairman of the Air Transport Operators' Association, representing 65 air-taxi companies, said: "The decision leaves London with a major dearth of suitable space for business aviation.



Terminal 4 at London Heathrow: watching the jumbos loading, and above, a security officer shows Michael Spicer, the aviation minister, a new baggage search system

Breathing space in the congested South-East of the country is provided by Stansted, now officially designated London's third airport after a series of governmental changes of mind and public inquiries.

Work has begun on a new terminal to take eight million passengers a year by 1991, with scope for expansion to 15 million passengers a year, while the existing terminal at Stansted is handling only half a million passengers a year, although designed for two million.

Airports in the provinces are eager to take any traffic with which London and the South-East cannot cope. Manchester is the classic case which, through a combination of unused resources and aggressive marketing, has succeeded in attracting an impressive range of airline services.

The provincial airports are also active in promoting package holidays to sunshine or ski resorts. Many of them report booming business in the sector this year in direct contrast to the virtual drying-up of traffic from across the North Atlantic into the main airports after the US bombing of targets in Libya and the Chernobyl nuclear power station disaster.

Overall, the airports of Britain during 1985 dealt with goods worth £28.3 billion, which was 7.7 per cent up on the previous year. These fig-

ures do not take account of the invisible earnings to which the airports provide the key, particularly tourist spending. Most forecasters believe that the trend of such results will continue upwards, although crystal-ball gazing is notoriously difficult in the airports business, as it is in aviation generally, as the industry is so prone to economic upturns and downturns, political pressures, the price of aviation fuel even the weather.

A trend likely to continue upwards

This point is brought home by the latest figures from the British Airports Authority, for its seven airports for this July. Though passenger traffic overall rose 0.8 per cent compared with the same month of 1985, traffic from the US at Heathrow was down 20 per cent (down 27 per cent in May).

US traffic at Gatwick was down 27 per cent and domestic traffic dropped 15 per cent, largely because of the withdrawal by government order of the helicopter link with Heathrow after it had produced environmental protests.

But there was an upsurge in traffic to destinations around the Mediterranean, as Britons fled the rain of a bad summer.

Despite the cyclical nature of the civil aviation business, airport operators continue to spend vast amounts of money on building new terminals or on the extension and refurbishing of existing buildings.

A conservative estimate puts the total being spent during this decade at £800 million - most of it at Heathrow, Gatwick and Stansted, although a number of the provincial airports also have ambitious schemes in hand or recently completed.

Fashions in airport design change rapidly and Britain's latest aviation terminal, which will soon begin to rise at Stansted, bears as much resemblance to the circular beehive built in the 1930s at the old Gatwick airport, and still standing today, as does a Boeing 747 to a de Havilland Rapide.

Because of the numbers which they have to accommodate, today's terminals have become monolithic; the trick of the designers is to disguise this bulk.

Heathrow's Terminal 4 last April is on several storeys, with departures on the top level and arrivals below. Its departures concourse is one vast hall, with passengers



How to spend £800m

boarding their plane through a series of gates leading directly from it, rather than being herded into a series of gate rooms, as at the other Heathrow terminals and at Gatwick.

This is a modern, high-tech terminal, but it has already gained a reputation as being the place for long walks.

At Stansted, by contrast, the new terminal will be on one main level, with roof panels which will let the outside light in.

As at the second terminal nearing completion at Gatwick, driverless "people-mover" trains will be used. The concept has succeeded at Gatwick, where such a system connects the south terminal with a circular satellite building, and at airports in the United States, including Miami, Atlanta and Seattle.

With improved computerized air traffic control techniques, runway capacity will not be the main problem as air

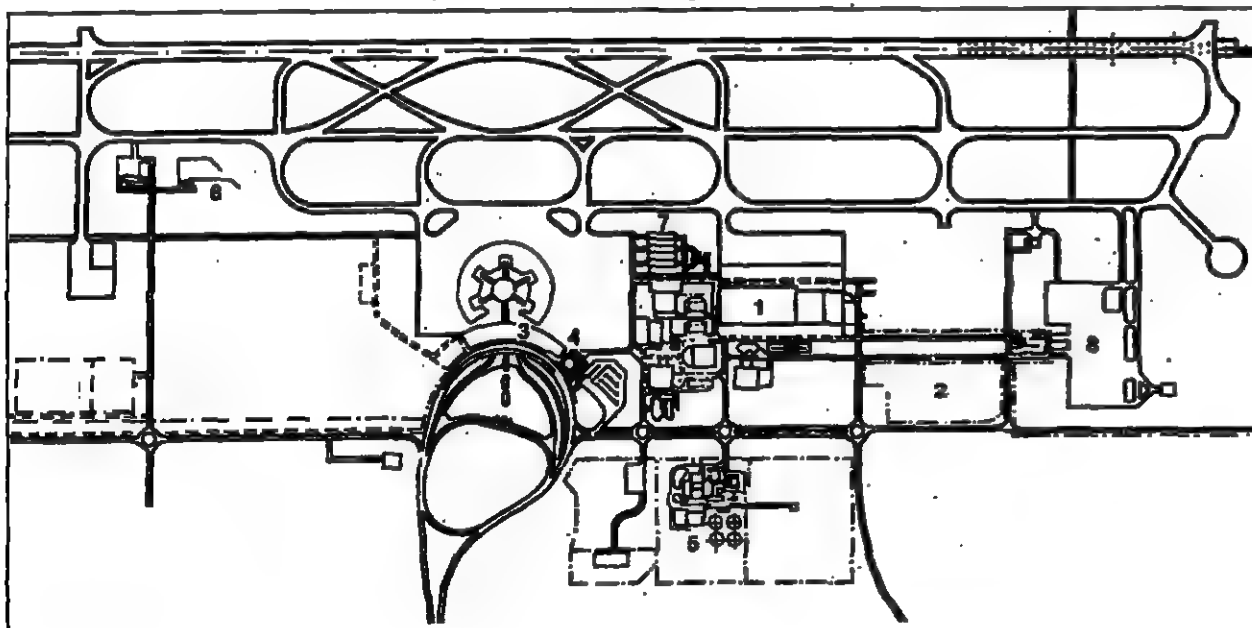
traffic grows in the remaining years of this century. The British Airports Authority has given commitments that both Gatwick and Stansted will operate with only one runway each, however busy they become.

The limiting factors to airport expansion in future are more likely to be terminal accommodation and the surrounding transport infrastructure - the methods of moving passengers and freight to and from the airports.

Rail transport into or near the centre of airport terminals, as at Heathrow, Gatwick, Manchester and Stansted (planned), and Birmingham, appears to be one of the most attractive options.

Another is to move the airport nearer the centre of the conurbation which it serves, as is happening at London's City Airport (short-take-off-and-landing facility) in Docklands.

Unfortunately for the airport planners, the scope for such developments elsewhere in Great Britain is small and, as was proved by the sagas of the Stansted, Gatwick and London City public inquiries, any plans to build big new facilities in Britain will be subject to fierce scrutiny on environmental and economic grounds.



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Before the flight, a traveller sizes up some Scotch at Gatwick's duty-free shop, and behind the screens at Heathrow's Terminal 4 as passengers are checked in by the £17 million computer system

Making the most of good buys



Commercial activities that range from the leasing of advertising sites to running shops, restaurants and bars, have become increasingly important for airport operators in Britain and the proceeds are making a significant contribution towards funding airport building, extensions and refurbishing.

The Government's recent relaxation of rules for the establishment of duty-free shops has meant that several of the smaller provincial airports, previously barred, have been able to set them up to the benefit of their balance sheets.

In the case of the British Airports Authority, half of its 1985-86 income of £395.6 million came from commercial activities, an increase of 10 per cent over the previous financial year.

Does the passenger really obtain a good deal when he or she buys duty-free goods? The Monopolies and Mergers Commission investigated the commercial activities of BAA

last year over a six-month period and found, in its report published in December, "that these are conducted in a generally satisfactory manner."

Despite this, passengers are heard to complain that the price differential between bottles of alcohol in the airport shops and high street supermarkets is insufficient to warrant carrying bottles on air journeys.

Many in the aviation business have looked at ways of selling duty-free goods to passengers at the airport of arrival rather than departure, but though the practice has been introduced at some places abroad, the concept founders in Britain on two objections.

First, Customs and Excise continues to argue that duty-free supplies are traditionally sold to sustain travellers on their journeys, rather than to take home. Second, airports would have to be heavily remodelled at enormous expense if the shops selling such goods were to be moved from the departures areas to the arrivals.

Duty-free goods are, in fact,

being displayed to departing passengers in Terminal 2 at Heathrow before they pass through immigration and security. But the goods can be picked up only when these barriers have been passed. The scheme has been introduced to reduce congestion.

With privatization due for British airports next year, competition between the trading activities at various airports, and especially those situated close together, will become more intense.

There is no doubt that the aggressive marketing of those who run British airports has resulted in a marked improvement of the commercial facilities offered to airport users in recent years.

Gone is the tired sandwich in the airport snack bar, as is the grandiose five-course feast in the airport five-star restaurant. Passenger tastes change and the airport marketers ignore such changes at their commercial peril.

Most airport eating places now are run on cafeteria lines. Airport bars still exist, but alongside them are stands

selling nothing but orange juice. Shops that opened when the home computer craze was at its height are now closing, to be replaced by others selling sports clothes, shirts, ties and socks.

Airport operators keep a keen eye on the performance of their shop and restaurant tenants, setting price limits, checking on food standards, noting how many times a day a restaurant floor is swept and the tables cleaned. Contracts are keenly contested by the big catering houses of Britain, Europe and the United States when they come up for renewal.

Though airports' main role is obviously to process passengers to and from air journeys, the commercial side is vital to their financial well-being and is likely to become even more so in the future as the other main source of income, landing and parking charges remain largely pegged.

In the case of the British Airports Authority they increased by only 3.6 per cent in 1985-86, a decline of 2.3 per cent in real terms.

Keeping up the level of security staff commitment in checking passengers and their luggage during long days when nothing untoward happens is a continuing problem for those who run airports, which is why they are looking towards increasingly sophisticated machines to back up the humans.

Nobody in the aviation industry has been able to estimate the cost of security at British airports. But with Britain in the front line for possible terrorist attacks, the figure is high — not only in salaries for security workers and the cost of the equipment which they operate, but in losses to the airline from flights delayed, and from passengers who were dissuaded from travelling.

Pictures of London police officers carrying guns at Heathrow went around the world and were said to have been one of the biggest reasons why so many Americans decided to spend their vacations

More machines to back up humans

at home this year instead of touring Europe.

But increased security at British and other European airports did help to reduce the number of terrorist incidents this summer. In 1985 there were no fewer than 28 hijacks, nine incidents of sabotage in the air, and eight of sabotage at airports world-wide, and the type of incident was becoming more severe.

But this level of search is obviously impractical and the airport operators and others who specialize in the relatively new science of aviation security have the unenviable task of setting standards which will deter the criminal, while not bringing world aviation to a halt.

In terms of other equipment at airports, the main thrust now is to update items which were installed as the last word

The rising cost of security

in modernity when the jets first came in in the early 1960s, to the more demanding standards of today's aviation era dominated by the 430-seat Boeing 747 and other wide-bodied airliners.

Baggage carousels on which passengers' cases are deposited for collection at the end of a flight were designed in the early 1960s to cope with 180 bags from a Boeing 707, but are swamped by the two-and-a-half times that number which emerge from the holds of a jumbo. Freight sheds which could, when originally built, keep abreast of a modicum of cargo through muscle power, helped by the ubiquitous fork-lift truck, are having to be automated to keep up with the flood of parcels.

Up to 1,000 million people will travel by air throughout the world this year. Keeping track of them and their reservations — and their frequent changes of plans — can only be a task for the computer, a business tool with wide-ranging capabilities which arrived just in time to save the airlines from total chaos, but which is expensive to install and maintain.

British Airways spent £17 million installing computer terminals and other equipment in Terminal 4 at Heathrow, on top of the £200 million which it had cost the British Airports Authority to build the place.)

Airlines have far-reaching

plans for further uses of computers to keep pace with the increases in their traffic which are forecast. Experiments are already going on in which passengers select a flight from details on their home or office television screens, pay for it by credit card, are issued with a ticket from an automatic machine and receive a boarding card from another machine which opens the correct gate to admit them to their aircraft.

Through a combination of the fear of terrorism, and the aftermath of one of the worst years for air disasters in 1985, there is increased emphasis on safety at airports.

Standards are being raised

instrument landing systems are being upgraded to make the movement of aircraft more precise, both on the taxiways and runways, and in the air.

Firefighting equipment is being renewed and crews constantly re-trained so that intervention at incidents is reduced by vital seconds. Snow-clearing and de-icing equipment has to be maintained every year, and ice-warning and detection systems installed.

The Civil Aviation Authority lays down standards for the safe and efficient operation of Britain's airports, and these standards are continually being raised. As a result, equipment budgets now form a significant part of the total annual expenditure of those who run the airports, and will continue to rise in the future.

The super-jumbos that never came

Four of the aircraft stands designed into the new fourth terminal at Heathrow are big enough to accommodate 800-seater jumbos, but no such airliner is being contemplated by any of the world's manufacturers — which demonstrates

some of the planning problems that face airport operators.

Instead of the monster airliners confidently forecast only a few years ago, the airlines have opted for improvements in contemporary planes to make them fly further, more

quietly, and more efficiently, so returning reduced operating costs.

Those running airports look on this trend with mixed feelings. Though the arrival of 800 passengers in one airliner would place a heavy strain on

terminal facilities, it would reduce the number of movements on the runways.

The trend at British airports has, in fact, been in the opposite direction, as the element of liberalization of airport licensing introduced by the Civil Aviation Authority has resulted in more of the smaller airlines operating more comparatively small planes.

British Airports Authority figures show that at Heathrow the average number of passengers aboard each plane landing in 1985-86 was 114, whereas it was 115 in the financial year 1981-82.

Communities around airports in Britain may expect a lessening of the noise nuisance, which they suffer as the new-generation jet engines roar in and out on the wings of such aircraft as the Airbus A310, Boeing 757 and the British Aerospace 146.

New jet-props such as the BAe ATP and the French-Italian ATR 42 will bring even lower levels of intrusion, while

A squeeze on the business sector

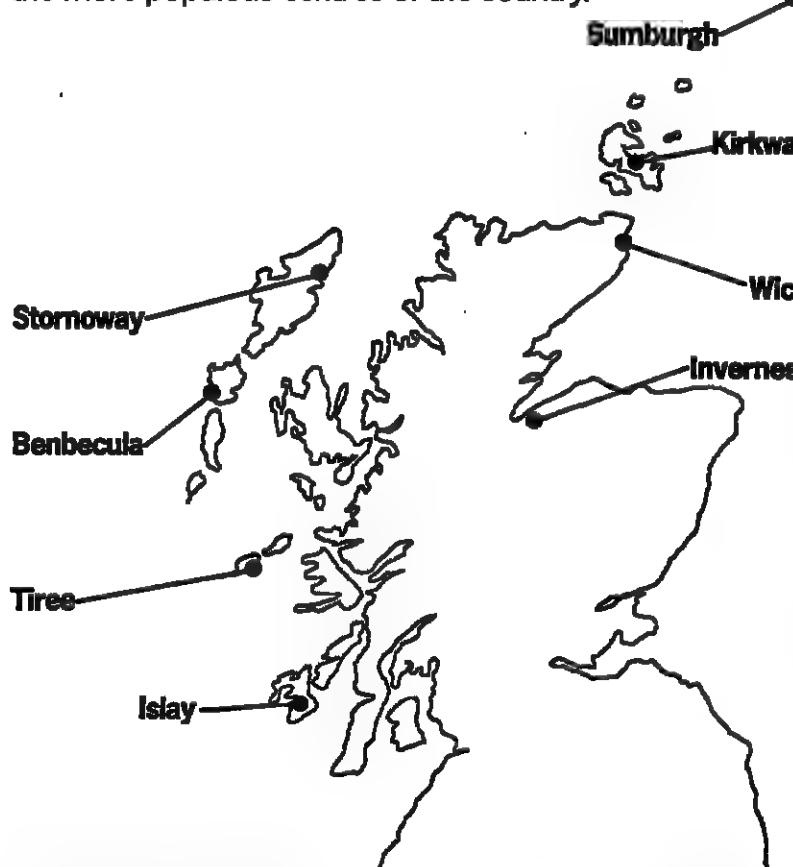
many of the older generation of noisy airliners have been scrapped since the introduction of new noise rules in Britain at the start of this year.

This trend has, however, already brought a move by the aviation industry to introduce more night flights within the hours of curfew at airports such as Heathrow and Gatwick as a way of making more efficient use of the runways and terminals. It is a cause which will probably produce the next big confrontation between aviation and the environmentalists.

One sector which is being badly squeezed as pressure on facilities at the two main London airports increases is business aviation.

Such flights have been banned at peak hours, and promises from the Government of a discrete business aviation terminal at Stansted, and more use of airfields such as Northolt, Biggin Hill, and Farnborough, have done little to soothe the anger of those who make their living from this sector of the business.

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Terry Lovett, general manager of East Midlands Airport, and a BAe Jetstream 31 of Netherlines, the Dutch commuter carrier, which in August introduced a service from the airport to Amsterdam

Heathrow and Gatwick handle more than 45 million passengers a year and it is inevitable that they overshadow all the other airports in the south of the country.

They attract the greatest level of investment of all UK airports — a £200 million terminal capable of handling eight million passengers a year was opened at Heathrow this year and a similar facility at Gatwick is due for completion in 1988.

Other major works at Heathrow include a £700,000 extension of the check-in area at Terminal 1 and a refurbishment and extension of Terminal 3 which will eventually cost £70 million. Consultants for the British Airports Authority have been looking for alternative sites for the sludge works at the western end of Heathrow so that the area may, in time, be used as an airport extension.

Stansted traffic is beginning to build up as package holiday

Stansted traffic is building up

flights move there and work on a big new terminal is expected to be completed in 1991.

Birmingham's new £60 million terminal, linked to the BR mainline station and the National Exhibition Centre by a driverless train, handled 1.6 million passengers in 1985, down 2.3 per cent on 1984.

East Midlands, which last year saw its passenger traffic fall 14.25 per cent to 926,000, reports a dramatic upturn in business this summer with 147,000 passengers using the airport in July, an increase of 30.1 per cent over the same month last year. Air cargo for July totalled 1,977 tonnes, up 68.4 per cent.

Netherlines, the Dutch commuter carrier, introduced a service from East Midlands to Amsterdam in August. Terry Lovett, the airport's new general manager, has become an adviser to the Joint Air-

Rising stars of the South

ports Committee of Local Authorities.

Norwich, with a network of scheduled services operated by Air UK, which has its engineering base there, is meeting a growing demand for inclusive tour flights.

The airport handled 174,000 passengers in 1985, a drop of 0.1 per cent on the previous year.

Coventry, with improvements and extensions to its passenger facilities, plans to increase still further its package holiday services to the Mediterranean.

Southend, managed by British Airports International, a joint venture between the British Airports Authority and International Aeradio, saw a loss turned into a small profit in 1985 and a passenger increase of 55 per cent to 196,000, the biggest growth at any UK regional airport.

Spending of £700,000 has been authorised for terminal improvements, a new duty-free shop and catering facilities.

Southampton, leased by BAA, saw Channel Islands traffic drop 2.5 per cent last year and total traffic went down 4.1 per cent to 276,000. New services this year include British Air Ferries to Jersey and Guernsey, British Airways to Birmingham and Netherlines to Holland.

Exeter, another BAA-managed airport, has had £5 million invested in recent years in new facilities by its owners, Devon County Council. Jersey European Airways recently chose Exeter as its main base and is operating a network of services from there

to the Channel Islands and the North of England.

Jersey continues to be one of the busiest of the UK provincial airports with 1.5 million passengers in 1985, up 10.2 per cent.

Guernsey also showed a healthy increase in traffic, up 11.8 per cent to 656,000.

Bournemouth-Hurn, along with Southampton one of the main points on the mainland to the Channel Islands, saw a 9.4 per cent drop in traffic in 1985 to 139,000.

Cardiff, with its runway extended, is ready to handle long-distance flights. Reflecting the economic slump in its catchment area, the airport had a poor year in 1985: traffic was down by 10.8 per cent to 383,000.

Bristol, Cardiff's traditional competitor, also suffered in 1985 with a 7.1 per cent fall to 410,000. The airport has recently invested £2 million in improvements.

Plymouth, owned by

Luton is a leader in package flights

Brynmor Airways, has air links to the Channel Islands, the Isle of Scilly, both main London airports, Aberdeen and other UK provincial centres. Brynmor plans to be one of the first operators into the new London City airport in docklands with its de Havilland Dash 7 aircraft when the facility opens in late 1987.

Luton, down 11.7 per cent in 1985 with 1.5 million passengers, continues to be one of Britain's main package holiday airports, and some scheduled services have opened from there recently. Its new £11 million terminal is fully operational and there are plans to expand its capacity from 3.5 million to 5 million. Being promoted as Kent International Airport by Seabourne Aviation, offers a 24-hour handling service with full Customs facilities to operators of aircraft.



Like many UK provincial airports, Manchester had a fairly static year in 1986, largely because of a drop in package holiday traffic, but has recorded big gains this summer as the market boomed. In July, Manchester handled a record 966,500 passengers, looking set to exceed its 1985 total of six million.

Compared with July, 1985, passengers to Spain increased by 56 per cent; to Portugal by 35 per cent; and to Greece by 25 per cent.

A total of £200 million has been earmarked for future developments. Recent improvements include the opening of a new terminal satellite building with space for 1,000 passengers.

The airport continues to be profitable. It has recently changed ownership with the demise of the Greater Manchester Council.

A group of local authorities now controls it as a plc.

Newcastle, which in 1985 saw its traffic drop 9.6 per cent to just over one million passengers, is spending £3 million on improvements. The airport expects to benefit from relaxations in air service licensing between the UK, the Netherlands and Scandinavia.

Ronaldsway, Isle of Man, has suffered from changing British holiday habits and has seen its traffic decline to around 250,000 passengers a year.

But the numbers look set to improve as the island increases in importance as an industrial and financial centre. Low air fares are drawing traffic away from the sea ferry route to Liverpool.

Blackpool's traffic rose 12.4 per cent to 177,000 in 1985, and £1.2 million has been invested in new helicopter terminal facilities to serve the British Gas Morecambe field 25 miles offshore.

Liverpool's terminal, built in 1938, has recently been superseded by a new facility costing £3.5 million, built by Wimpey Construction.

The airport had a good year in 1985 with passenger traffic up 15.3 per cent to 259,000. Liverpool is one of eight provincial airports qualifying for duty-free shops — under recent changes in legislation.

Leeds/Bradford's traffic rose by 14.9 per cent in 1985 to 464,000 on its network of scheduled and charter services.

The airport has recently had a £23 million improvement programme, including a runway extension and terminal building development.

Manchester had record numbers

Humbly Grove airport's growth has been aided by the opening of the Humber bridge in 1981.

In that year, the airport handled 47,000 passengers. Last year the figure had risen to 125,000. A £200,000 apron development scheme is complete and plans are in hand for a £600,000 terminal building extension.

A duty-free shop was opened in July. An expanding list of scheduled destinations includes Amsterdam, Aberdeen, Edinburgh, Glasgow and Gatwick.

Toesside is another airport which now qualifies for a duty-free shop. A £750,000 extension programme has been completed. Last year, the airport handled 278,000 passengers, a 1.3 per cent drop on 1984.

Belfast International, with its new terminal buildings completed as part of a £25 million expansion programme, dealt with 1.6 million passengers last year, an increase of 4.2 per cent over 1984.

Belfast Harbour, owned by Short Brothers, continues to provide competition with

We have lift-off, say the North



commuter services from its site near the centre of the city.

In Scotland, Glasgow had 2.6 million passengers in 1985, but this was a drop of 1.8 per cent, largely due to a 14 per cent decrease in international charter traffic. Operations were affected by runway resurfacing, a project costing £3.5 million. Terminal facilities came under heavy pressure and extensions have been built to ease the problem.

The British Airports Authority is drawing up a long-term plan for the airport's development.

Attempt to win more business

Edinburgh's passenger traffic increased 3.4 per cent to a record 1.6 million in 1985, largely due to a 5.8 per cent increase on the Heathrow route. It also benefited by night diversions from Glasgow while resurfacing was taking place.

A proposal for an airport hotel linked to the passenger terminal is being considered.

Prestwick, with its role as Scotland's long-haul gateway confirmed in the Government White Paper on airports policy, saw an 8 per cent increase in North Atlantic traffic in 1985. Overall, its passenger numbers rose 1.7 per cent to 238,000.

Promotional activities continue in the US and Canada in an attempt to attract more business.

Aberdeen, with its helicopter activity, has been hit by the reduction in North Sea oil and gas exploration. Helicopter passengers were down 8.6 per cent in 1985 to 608,000, while those on fixed-wing flights declined 0.5 per cent to just over one million.

Apron reconstruction has been completed and a new taxi and duty-free shop opened in the international lounge. The Highlands and Islands aerodromes — Benbecula, Inverness, Islay, Kirkwall, Stornoway, Sumburgh, Tiree and Wick — are now under separate ownership and management as a result of the Government's airports policy.

Highlands and Islands Airports Ltd was formed as a wholly-owned subsidiary of the Civil Aviation Authority to start operations on April 1 this year, with air-traffic control and engineering support staff provided by the CAA on a secondment or service contract basis.

The eight airports handled a total of 66,500 passengers in 1985-86, a 1.34 per cent increase over the previous financial year.

Northern lights: small airports such as Sanday in the Orkneys, above, still have a role to play serving the Highlands and the islands despite the basic level of their facilities; others, such as Blackpool, have increased their business. At Blackpool traffic rose by 12.4 per cent to 177,000 passengers last year. And a helicopter terminal, right, has been built to serve the British Gas Morecambe field 25 miles offshore



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THE ARTS

Television
Elusive
states of
mind

"It doesn't matter what is written on your tombstone," said Dr Timothy Leary. "It's the state of mind when you said it." He was talking to Peter France after watching his own short obituary — "that clip," he called it — and was in a very different state of mind to the one depicted early on in *Famous Last Words* (BBC2).

It might seem, on the face of it, a good idea to evaluate a person's life and then ask him to comment with perhaps a chance to set the record straight. The danger is of course that he will use this splendid opportunity to put his best foot forward and muddy the waters. Which is precisely what happened last night.

"Timothy Leary's dead," went the famous song. The programme began with this assumption and a short summary of a life lived in the fast lane. In ten minutes he went from dentist's son to Harvard lecturer, to the discovery aged 40 of magic mushrooms and his inauguration as high priest of the youth culture. With LSD as his sacrament and a 10-acre estate, he invited the young to "turn on, tune in and drop out." Then came prison — 40 different penitentiaries in 10 years — escape with a Black Panther to Algeria and finally a life spent with his computers and fourth wife in the suburbs of Los Angeles. An ending, concluded France, "as innocuous to all as American apple-pie."

Confronted by this innocuousness, Leary looked, dare one say it, a trifle bored. "It's certainly fair," he said, but then added the last 10 years had been the most productive, sanest and happiest of all. Genuinely trying to find out why, Peter France entered an oil slick. With growing puzzlement and frustration he slithered all over the place in pursuit of a quarry that was not so much alive as incapable of standing still.

"Think for yourself. Question authority," Leary advised. Do not follow the Bible. The "shepherd-gestapo script" (Leary's plucking of the apple had resulted in "the first narcotics bust in history"). Whenever France attempted to be more precise about his hopes and regrets, Leary hopped again. "The score is different from the perspective you have." By the end, with Leary manipulating the camera and warning the viewer not to listen to Mr Galt, Peter France resembled a man who has just lost off a boat barrel at a charging elephant to no effect whatever.

Nicholas
Shakespeare

A Slight Hitch
Jackson's Lane

I was mightily struck by the Trestle Theatre Company when I saw them in Edinburgh last year; and their new show — coming briefly to roost in Highgate in the midst of touring from Inverness to Exmouth — is an irresistibly funny piece of work.

They are a mask-and-mime group who specialise in what you might call the *commedia* of everyday life. If that phrase did not suggest a kind of remote entertainment utterly remote from their down-to-earth farcical observation of how people carry on in pubs, hospitals or — in the present case — marriage. *A Slight Hitch* opens on the wedding day, follows the couple through scenes of churchyard back-slapping and domestic panic, and despatches them on

Private Means
Soho Poly

W. Stephen Gilbert is perhaps best known as the television producer whom the BBC fired over the future arising from Ian McEwan's *Solid Geometry*. *Private Means*, his first stage play to be produced, is unlikely to arouse any such controversy.

Mr Gilbert's apparent theme is the lack of communication between the classes, a schism made ever wider by the progressively unequal distribution of wealth. His chief protagonists are a decent, concerned old widow of means (Barbara Lott) and an

Galleries: new exhibitions in London
Ups and downs for the
latter-day saints

Anselm Kiefer/
Richard Serra
Saatchi Collection

Francesco Clemente
Anthony d'Offay

Lucas Samaras
Mayor

Lucas Samaras:
Polaroid
Photographs
Serpentine

Revolutionary newcomers become modern classics very quickly these days — and sometimes fall from that not entirely enviable status almost as fast. One of the great advantages of such institutions as the Saatchi Collection and the Anthony d'Offay Gallery is that they regularly keep us up to date with the comings and goings of the recently canonized: d'Offay because he deals in them, and the Saatchis because they represent, most spectacularly in this country, the punters who are willing and able to put their money where their taste is.

With that taste, of course, one can argue. As we work our way gradually through the Saatchis' holdings, it is likely to be a switchback ride of approval and disapproval. The latest show, on for the next few months, brings out their collections of the German painter Anselm Kiefer and the American sculptor Richard Serra. The first and most obvious thing to be grateful for is that the Saatchis'

amazing space in Boundary Road is perfectly suited to the showing of such enormous works — particularly the Serras, which tend to look cramped in even the most lavish indoor space. One can be sure that the enormous *Olson*, for example, two great curved pieces of steel placed separate but together like the prow of Noah's Ark, has never shown to more advantage, as one can not only walk through it and around it, but one can back off and actually take it all in at a distance. That said, I find myself that Serra rarely does very much for me. *Olson* is undeniably impressive, though I wonder how much it would expand in the mind if one were able to live with it. But the other works, for all their size and confidence, do not seem to have about them any of the mystery which makes David Smith so special.

Kiefer, on the other hand, is strong on mystery. His paintings, equally, are of a size to need a very special space, and here they get it. The works of the early Eighties, when he was piling straw on to the wet paint and firing it with some very unappealing plastic substance, seem arbitrary and even self-destructive: one can just about glimpse the powerful painting beneath the mess, but the main result is frustration that one cannot see more of it. Certainly in the paintings and large-scale woodcuts Kiefer has done before and since, it is a great relief not to have such obstructions to contend with.

For Kiefer is above all a maker of strong, clear-cut, haunting images: the great wooden halls, sometimes, as in *Heligoland*, ablaze, or the vast, grey expanses of stubbled field, or the limitless sea with its abandoned boats, all create a repertoire of images which, in their desolation and ambiguity, are very much of our own time. Even the

lead accretions of the *Wohndiell* paintings ("lead object attached", the catalogue says darkly) carry further the Icarus imagery which seems to have possessed Kiefer for a while, and work well enough, though even here it is possible to feel that in his work painting and sculpture are best kept apart. But, despite such occasional reservations, Kiefer seems about the most likely of his generation to survive and grow in stature.

Francesco Clemente is a very different matter, though he has often been thrust into the same *galere* of Neo-Expressionism. He, also goes in, at times, for very large works, and in the last few years we have seen a number of them in London, at d'Offay and, vacillating from the Saatchi Collection, at the Whitechapel Art Gallery, where all 14 of his *Stations of the Cross* were shown. On that giant scale his art often seems hit-or-miss. But on the smaller scale represented by his new show at d'Offay (until September 30) his skill is much more consistently in evidence.

The show marks the publication of two hefty and ambitious illustrated books, *The Pondicherry Paintings*, a set of reproductions, and *The Departure of the Argonauts*, in which he is decorating an autobiographical writing by De Chirico's brother Alberto Savinio. The samples of both volumes are impressive, if a trifle overwhelming. But the 11 moderate-sized paintings which accompany them are wholly fetching. Clemente lives half in New York and half in India, and these paintings refer obliquely to his Indian experience — not to his Indian painting — in a tiger prominent in one (about the nearest we come to local colour), but in the subtle and intricate paint-textures and the scattered blobs of colour which remind one somewhat of Howard Hodgkin's



A puzzling fascination with India, albeit in oblique reference, in the work of Francesco Clemente: the tiger as local colour in *Geometrical Land* (1985, oil on wood) by Anthony d'Offay

"Indian" series. Why India seems to take western artists this way I am not quite sure, but the results are undeniably appealing.

Lucas Samaras, Greek-American, is a survivor from a slightly earlier generation of wunderkinder. The catalogue for his last London show, in 1982, referred to a little alarmingly to the "Byzantine autobiographicality" of his art, but you can see what was meant in both of the current shows, the *Spectators*, *Pastels and Panoramas* at the Mayor Gallery until October 3 and the *Polaroids 1969-1983* at the Serpentine until October 12. His subject is certainly, nearly always, himself: if he is not painting or photographing self-portraits, he is enshrining the features of friends or pressing people into

surroundings of his own cluttered apartment so as to tell us not what they mean to themselves but just what they mean to him. There are also some of his, at the moment rather scary, fantasies: the hideously grinning blue face endlessly repeated against what appears to be a background of flames; the several colour variations on a *Chair with Figures* which in fact float ectoplasmically in a void just above.

The photographs at the Serpentine (there are also some at the Mayor) extend the world of his paintings without essentially changing it. If polaroids suggest the undoctored actuality of Warhol's essays in the genre, we are in for a rude awakening. All Samaras's photographs are staged up to the hilt, with bizarre theatrical effects

of lighting and colour, and quite a bit of manipulation of the image, presumably in the process of development. The more recent pictures, described as "panoramas", take large-scale polaroids and cut them into strips which are then assembled in a curiously strung-out form, so that the people in them — most frequently Samaras himself — appear weirdly elongated and abstracted. Compared with the agonies and ecstasies (mostly agonies) of Kiefer and Clemente, Samaras's work must seem rather camp and peripheral. But then, as the irritated producer in *Sunset Boulevard* observes to a brace of cowering script-writers, who wants moving, who wants true? — or at least, who is so lofty as to want nothing else?

John Russell Taylor

Concerts
Enjoyable breaks for coffee

AAM/Hogwood
Elizabeth Hall

It is well known that the main reason for programming modern music is that it gives music critics the excuse to speculate what an opera by Old Seb might have been like. But here we were saved our hypotheses because Christopher Hogwood and the Academy of Ancient Music offered a neat theory of their own: that the "Coffee" Cantata was possibly performed in one of downtown Leipzig's coffee-houses, where it might have had its movements ingeniously interspersed with those from the Suite in B

minor (since the keys match). It sounds plausible, though one does wonder whether Bach had much time for lengthy coffee breaks, what with producing those 200 cantatas and 20 children. But, with the Academy (reduced to single strings) in lively form, the scheme worked happily enough in performance.

Lisa Bezinduk was the supple flute soloist in the Suite, while in the "Coffee" Cantata Emma Kirby made a pert Lieschen, demurely sipping the spousal liquid and delivering that equally delicious aria "Heute Noch" litigiously. David Thomas portrayed crusty old Schlenkerli with all his customary subtlety, and Rogers Convey-

Crump chipped in neatly as the narrator. The Cantata was given minimal staging — the "minimal" part falling short of the requirement that the singers relinquish their scores. After the interval came the "Peasant" Cantata. Here Kirby put on what one must presume was an authentic 18th-century Upper-Saxon rustic accent, while Thomas (with less historical justification) put on a pair of red plimsolls. Anthony Halstead made a splendidly robust, if necessarily brief, contribution on two natural horns for some reason the audience seemed to find his entrance bearing these imposing instruments very funny.

Richard Morrison



Christopher Hogwood: neat and persuasive theory

Hausmusik
St John's

Perhaps the spacious surroundings did not quite reflect the implications of Hausmusik's name, but otherwise this chamber group, which plays on period-style instruments, gave a charming small-scale tribute to Weber, born 200 years ago this November. To claim that the music achieves the same profundities as Beethoven's would be absurd. But the romantic movement was not built exclusively upon one man's visions, and Weber's contributions to the new aesthetic were to do with freedom in both gesture and form, as well as the cultivation of the idea of performer as hero.

That much was evident in the first two works. Melvyn Tan played *Invitation to the Dance*, on an expressive, res-

onant, if naturally percussive, fortepiano. He also added, in English, a running commentary, which demonstrated how naively the music at the beginning matches the action. As far as his performance was concerned, there could be no complaints. His natural ebullience and technical facility combined to make the work sparkle just as it should.

Then came something of more sustained invention, in the form of the Clarinet Quintet. Sustained, that is, in terms of its length, for again this is a work in which the composer is at pains to disguise any creative agencies which he might have experienced (it took four years to complete). The closest he gets to expressing *Angst* is in the beautiful, but still predominantly easygoing, lyricism of the slow movement. Antony Pay's playing of the principal part in this intimate concerto was not without the odd squeak, but in general he negotiated its embellishments with cool aplomb.

To round off the party, Nancy Argenta sang with the vocal innocent touch four Scottish folk-song settings, before Tan returned with a mixed ensemble to play the ambitious Op 74 Septet of Hummel. Weber's spiritual brother if there ever was.

Stephen Pettitt

Coul Quartet/
Smith
Wigmore Hall

An evening with the bassoon, in company with a young

string quartet and a handful of intriguingly little-known composers, looked on the face of it a tempting proposition. Daniel Smith, who is at present recording all Vivaldi's bassoon concertos, had dug deep for every second of music for bassoon and strings he could find in the archives. It was, on paper, a formidably long and varied programme.

We were well into the first half, though, when it became clear that Mr Smith was not over-impatient to reveal either the personality of the instrument or the character of his own virtuosity. A Quartet in B flat by Franz Danz and a Suite by Gordon Jacob were little more than prototype studies, putting a bassoon with a somewhat recalcitrant reed through its customary paces in leisurely converse with some casual string playing. A song-without-words Adagio by Julius Weissenborn and a Sonata by William Hurlstone were bland even by the standards of the dingiest Victorian drawing room.

So we waited, hungrily, for Vivaldi, Elgar and Reicha after the interval. Antony Saunders, who had been doing his best to turn dress into gold at the piano, brought all the pointing, grace and sweetness of tone which were lacking in Mr Smith's performance of Vivaldi's Second Sonata. The partnership was tougher to maintain in Elgar's Romance. Smith's bulging bassoon line was no substitute for truly lyrical phrasing, while the Reicha Quintet was given a murky, patchily prepared performance by Mr Smith and the Coul Quartet.

Hilary Finch

Theatre

Zack
Royal Exchange,
Manchester

In good-natured comedies the worm of the first act will always turn in the last, the tongue-tied swain finds his voice and a kiss closes all. The interest lies in seeing if the author makes us feel the worm is worth it.

Harold Brighouse's most famous Lancashire play, *Hobson's Choice*, but he created scores of others. When Zack was given a Sunday evening performance in London in the early Twenties, our critic mentioned the reluctance of audiences to be enthusiastic about a hero they had an impulse to shake. Today's audience may share that same impulse but without the reluctance to enthuse — even though the author makes his eponymous hero virtually simple-minded in order to delay the happy outcome.

Zack's mother wants to catch a wealthy young niece for her elder son, a penny-pinching snob in the days when pennies were worth pinching. Zack is a social embarrassment, but his "knack for jollification" is the star attraction of his mother's catering business. The author's mistake is never to show us this zest being good

cheer to the customers. Even though the gaps in probability yawn wider as the play proceeds there is no denying that James Maxwell's tactic as director is the right one: let the villains be laughable and have Tim Healy play Zack as the untidy pony every little girl wants to comfort. He shuffles, he retreats, but the hint that there is some method in his slow-wittedness gathers the audience's affection.

Jeremy Kingston

Lorca
Lyric Studio,
Hammersmith

Lorca and Kafka were identified by Stephen Potter many years ago as OK-names for earning maximum points in any conversation. Both remain to this day widely unknown and, with a tragedy by Lorca and a comedy about Kafka opening in the same week, it is shrewd timing by the Lyric to complement its production of *The House of Bernarda Alba* in the main house with *Truise*, Faulkner's biographical account of the author in the Studio.

Accompanied by Tito Heredia, a gypsy guitarist from Andalusia, and on a stage bare except for three cane-seated chairs and a bullfighter's cape,

Mr Faulkner presents a thoughtfully structured programme of poems, letters and essays, linked together, as far as possible, by Lorca's own comments about himself.

These remarks define his view of himself as poet and dramatist, as Spaniard and above all as an Andalusian and a native of Granada. Always serious about his art, he is serious too about the stimulus of Granadine tradition, but here he allows passages of impish mischief to pop in.

Intense and surrealist poetry is virtually untranslatable. Shorn of tonal associations, lines that must catch at the heart in the original often come across as arbitrarily assembled images. Fishes, horses and golden knives tumble over each other in a landscape peopled by gypsies and girls tossing their hair.

But Mr Faulkner's passion for his poet and the Spain that nourished him carries us over these uncertain areas. Dancing, tapping heels, briefly flashing a smile as broad as Gene Kelly's, he does succeed in conveying the intoxication of being Lorca the poet. Of Lorca the left-wing homosexual we learn less, though it was for these two crimes he was shot at the start of the Civil War.

J.K.

Rock
Harvey & The
Wallbangers
Ronnie Scott's

Formed initially for a one-off performance at the Edinburgh fringe in 1981, Harvey & The Wallbangers gained a reputation as a light comic music/theatrical turn, and have since staged a number of touring shows: they are sometimes wheeled on to live on television programmes. They are currently anxious to secure a recording contract, and to this end, for their show at Ronnie Scott's, they eschewed much of the "nutty" behaviour and comedy "business" which used to be their stock in

trade and concentrated on offering a broad but irredeemably shallow sweep of a variety of musical styles.

Dressed in a white drape coat and baggy trousers, Harvey brought led the six colourfully attired Wallbangers through their energetic and cheerful paces to the delight of a packed audience, some of whom could nevertheless be heard, during the quieter passages, animatedly discussing their holidays in Portugal.

For all their theatrical background, the only member of the group to emerge as a personality was the keyboard player, Reg Prescott, who looked like an engaging parody of an ageing Teddy boy. He was also the most accom-

plished musician, and his boogie-woogie piano-playing during a souped-up version of "Nut Rocker" provided the best moment of the night. A lighthearted funk rap pastiche about a dance called "The Concept", which can be done while sitting immobile, was a rare moment of wit.

But for the most part the constant flitting of the musicians from one instrument to another and their whimsical dabbles in so many different genres resulted in a superficial performance. The game was truly up when, with Prescott now playing guitar, they took a stab at a soft pop rock composition entitled "Who's Fooling Who". Back to the boards, lads.

David Sinclair

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Executive Editor
Kenneth Fleet

STOCK MARKET

FT 30 Share
1289.6 (+18.7)
FT-SE 100
1628.3 (+19.7)
Bargains
23927
USM (Datastream)
124.88 (+0.71)

THE POUND

US Dollar
1.4820 (+0.0065)
W German mark
3.0374 (+0.0001)
Trade-weighted
71.1 (+0.1)

T&N profits
soar to £21m

Turner & Newall, the engineering group which last week narrowly failed in its £260 million takeover bid for AE, the motor components group, has reported a big increase in profits for the first six months.

Earnings are up from £14.9 million to almost £21 million on turnover slightly down at £266 million.

The group, which has paid out more than £40 million on asbestos claims in recent years, is much healthier now.

Mr Colin Hope, managing director, said the group had no plans for its near 30 per cent shareholding left in AE.

Last night T&N shares closed at 194p, up 10p.

Dalgety up 4%

Dalgety, the food and agriculture conglomerate, announced pretax profits up 4 per cent to £75 million for the year to June 30 1986 on turnover up 25 per cent to £4.9 billion. The dividend was increased by 1p to 13p.

Temps, page 34

Myson surge

Myson Group, which earlier this year bought Thorn EMI's heating division, increased profits from £3.84 million to £6.06 million in the first half of 1986. Turnover improved from £70.4 million to £73.5 million and the interim dividend is up by a fifth to 1.52p.

Temps, page 34

Suter advance

Suter, the manufacturing and distribution conglomerate, reported pretax profits for the six months to June 30 of £6.7 million (£4.2 million) on turnover up 46 per cent to £74.6 million. An interim dividend of 1.4p was declared.

Temps, page 34

Dew talks

Discussions that may lead to an offer for the whole of the share capital of George Dew are now in progress. If successful it is likely that there will be an all-share offer at a value close to the current market price, with a partial cash alternative at a level materially less than the current market price of the shares.

Evershed offer

Hilldown Holdings has declared its offer for J Evershed and Sons wholly unconditional. The offer will remain open for acceptance until further notice.

Webber move

Andrew Lloyd Webber, the composer, has become a non-executive director of Really Useful Group. He feels his commitments make it impossible for him to continue in an executive capacity.

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London shares stage recovery after collapse

By Michael Clark, Stock Market Correspondent

The London stock market yesterday managed to shrug off some of the effects of last week's collapse in share prices around the world with a confident start to dealings after the weekend break.

Dealers reported that a sense of reality had returned to the market and that last week's sell-off - resulting in Wall Street's biggest ever one-day points fall - had been overdone.

With the Tokyo stock market closed for a national holiday, all eyes in the investment world were focused on London to see which way prices would react.

Fund managers, who had spent an anxious weekend after seeing billions of pounds wiped off their investments, breathed a sigh of relief as early indicators showed the FT index of top 30 shares opening 13.5 up during the first hour's trading.

It ended the first day of the new account 18.7 up at 1289.6. The broader FT-SE 100 also responded positively

and finished 19.7 up at 1628.3.

But despite the confident appearance, conditions remained extremely volatile. Turnover was down to a trickle with most of the big fund managers remaining on the sidelines waiting for the position to become clearer.

One leading stockbroker commented: "This is no place for those investors of a nervous disposition. It's clear that last week's shakeout was led by panic, but the position here could change at any time."

But dealers appeared to take the view that the worst of the storm was now over and were hoping for a gradual rally over the next few days.

Wall Street also made a firm start in early trade with the Dow Jones industrial average, which tumbled more than 141 points in just two days' last week, opening 10.95 higher but the rally soon ran out of steam. By early afternoon the index was six points down on Friday's close.

In London, however, there was a growing mood of optimism among dealers as they left their offices last night. Most were convinced that sentiment would take a turn for the better in the run up to first-time dealings in Trustee Savings Bank due for October 8.

Most of the big institutions have already put aside funds for TSB and now have spare funds available to invest.

Blue chip shares led the way higher yesterday with double figures gains among those with a transatlantic flavour. Glaxo firmed 10p to 940p, ICI 8p to £10.39 and Jaguar 14p to 513p.

Government securities also staged a welcome rally with gains stretching to 2½ at the longer end of the market, as prospects of a further cut in interest rates continued to slip further into the background.

On foreign exchange markets the pound gained ground against a weak dollar rising 63 points to \$1.4820 but it lost ½ pence against the mark.

Retail sales leap 1.7% to record

By David Smith and Derek Harris

Retail sales bounced up to record levels last month, beating City expectations. The volume of sales rose by 1.7 per cent to 4.6 per cent higher than in August last year.

The value of sales during the four-week period was £7 billion, or £1.75 billion a week, 7 per cent up on a year earlier.

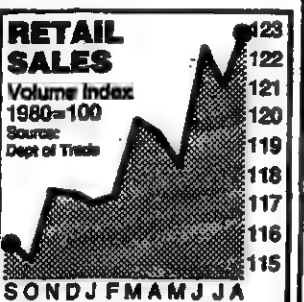
In the latest three months, June to August, sales were 2.5 per cent up on the previous three months, and 4.5 per cent higher than in the corresponding period last year.

The index of retail sales volume last month was provisionally estimated at 122.9 (1980 = 100), compared with 120.9 in July, and the previous high of 122.4 in June.

Spending, which continues to be boosted by strong growth in real incomes, is expected to remain at high levels in the coming months. Officials at the Department of Trade and Industry said that sales volume could be expected to maintain its 4 to 5 per cent 12-month growth rate for some time.

Sales of consumer durables are running ahead strongly, in tandem with record August new car sales, which are not included in the retail sales figures.

Mr Tom McNulty, director general of the Retail Con-



sortium, said: "Considering the bleak weather and the still uncertain factors affecting tourism, retailers find the August figures encouraging."

The year-on-year growth is still firmly in the 4 to 5 per cent range anticipated by the Retail Consortium at the beginning of the year.

September selling has started well. Rumbelow, one of the biggest chains in the domestic electrical and electronic goods sector, said sales so far this month were up to targeted increases over last year.

In the first week of September, sales at the John Lewis Partnership's 21 department stores rose 12.1 per cent in value compared with the same week last year. This was 2.8 per cent above targeted expectations.

The volume increase during the week in real terms was approaching 10 per cent.

Accountants insure themselves

By Alison Eadie

Seven of the world's top eight accounting firms have joined forces to set up a captive company to insure themselves against a rising tide of big lawsuits filed against them, particularly in the United States.

They have done so because insurers have been unwilling to grant cover against claims of more than £50 million.

Mr Don Hanson, managing partner of Arthur Andersen, said yesterday that professional indemnity insurance cover for larger claims had become so expensive that it was not worth having.

The insurance industry was trying to maximize its returns, so buyers had to find an alternative.

Speaking on "Litigation and the auditor" at a business conference in London, Mr Hanson drew attention to the rising costs of professional indemnity insurance, and he stressed that directors of a company had primary responsibility.

"Bad management caused business to fail, but it was the auditor who was sued," he said.

Most of the big accounting firms are facing multi-million pound lawsuits either here or in the US. Arthur Andersen faces a £270 million (£183.05 million) lawsuit over its auditing of De Lorean and Arthur Young is being sued for its role in the Johnson Matthey affair.

The move to captive insurance companies is becoming more widespread as insurance costs rise. Arthur Andersen is also self-insuring - earmarking money internally to meet potential claims.

The seven accounting firms are Arthur Andersen, Arthur Young, Coopers & Lybrand, Ernst & Whinney, Deloitte Haskins & Sells, Touche Ross and Peat Marwick.

Rover loss

Rover Group says it will almost certainly have incurred a loss of more than £50 million before interest and tax in the first half of 1986. Results will be issued soon.



The new BHP directors: Robert Holmes à Court and John Elliott

Holmes à Court and Elliott given places on BHP board

From Stephen Taylor, Sydney

Australia's biggest and longest-running corporate poker game, for control of the Broken Hill Proprietary company, is over.

Under a plan announced yesterday by Sir James Balderson, the chairman of BHP, places on the BHP board have been given to Mr Robert Holmes à Court, chairman of Bell group, and Mr John Elliott, chairman of Elders-IXL, the two corporate raiders who were vying for control of Australia's biggest company.

As part of the plan, both have agreed not to increase their holding in BHP without making a full takeover bid unless another party makes a takeover offer or acquires more than 20 per cent of BHP.

Sir James said it had been agreed that Bell and Elders would not sell BHP shares without consulting the BHP board, and had agreed to act in

"a manner designed to protect the interests of BHP shareholders generally."

An additional component of the agreement is that Mr Brian Loxton, chief executive of BHP, has been invited to join the Elders board.

The deal follows more than 18 months of manoeuvring and bidding by Mr Holmes à Court, during which he acquired 28 per cent of BHP, but was never able to secure a controlling hold.

Elders, a more recent bidder, gained a holding of almost 19 per cent.

In a letter accepting a place on the BHP board, Mr Holmes à Court gave assurances that Bell had no intention of "substantial share trading activities in BHP."

He said Bell's activities in BHP would be confined to a band of about 2 per cent and would be connected "with great sensitivity to the principles of insider trading and with full disclosure to BHP in advance."

Mr Holmes à Court said he had always believed that both groups of shareholders would be best served by BHP recognizing the significance of Bell's investment, and by Bell having the opportunity to influence BHP policy.

"I am now quite satisfied that this position can be achieved in a genuine atmosphere of goodwill and mutual interest," he added.

Mr Elliott said he was committed to making a positive contribution to the board, and that Elders was pleased that an accommodation had been reached with "the other major shareholder."

Sir James said all legal proceedings between the three companies over the takeover would be ended immediately.

Chicago eyes UK options

By Richard Lander

The Chicago Board Options Exchange, the largest American market for equity and share index options, has held exploratory talks with the Securities and Investments Board (SIB) about introducing options on British shares heavily traded by American investors.

The chairman of the CBOE, Mr Walter Auch, said the discussions with Sir Kenneth Berrill, the SIB's chairman, covered the underpinnings it would have to make to become a Recognized Investment Exchange under the financial services legislation if

it forged a link on such options with the London Stock Exchange or the London International Financial Futures Exchange.

Preliminary talks with the two London markets had also covered the possibility of introducing to Britain the Standard & Poor's-100 share index options, the most heavily-traded contract on American futures and options exchanges.

Exchange officials said the introduction of British options into America was still some years off and would

have to wait for greater turnover there in the shares themselves. The first contract to be introduced would probably be based on a tailor-made index of the 50 or so British shares tradeable in American Depository Receipt form.

Mr Auch also announced yesterday that the CBOE had reached agreement to pay \$2 million for the Cincinnati Stock Exchange, the world's only exchange where listed shares are traded electronically through computers with no market floor.

Commodities Review, page 30

Sandell ballot

The share offer by Sandell Perkins was subscribed 10 times. Applications for up to 900 shares go into a ballot for 100 shares; 1,800-4,500 shares ballot for 200; 5,000-9,000 shares ballot for 300; and applications for 10,000 shares or more will be allocated 6.4 per cent of the amount for which was applied.

St John offer

Companhia Auxilia de Empresas de Mineracao, a leading Brazilian holding company in the fields of minerals and natural resources, is to make an offer of \$27 a share for St John d'El Rey Mining.

EIS profits up for 25th successive half year

By Lawrence Lever

EIS Group, the engineering company, yesterday announced its 25th consecutive increase in half-year profits.

The company reported an increase of 22 per cent - from £2.65 million to £3.25 million in the pretax figure for the six months to June 30.

EIS is sitting on £11 million cash. About £9.5 million of this was raised from a rights issue earlier this year.

Mr Dick Reed, deputy chairman and chief executive of EIS, said yesterday that the company was holding "amiable discussions" on three potential acquisitions. These

included talks about the acquisition of a public company's engineering division, which was the same size as EIS.

Mr Reed, who moved into EIS in 1971 when the company's shares were languishing around 4 old pence - compared with the present price of 250p - said that EIS would be resistant to any takeover bid, "although it would be quite fun really."

Sales at the half-year stage were up from £34.3 million to £38.9 million. The dividend is being raised to 2p a share (1.85p).

TSB shares trade at 100% premium in grey market

By Richard Thompson, Banking Correspondent

A big premium on Trustee Savings Bank shares has already emerged in "grey market" trading before the shares have even been issued, with one dealer quoting prices up to 110p per share - more than 100 per cent above the 50p partly paid offer price. The fully paid price was set last Friday at 100p.

But City stockbrokers were sceptical yesterday about the validity of the price, and there were sharp divisions about how the price would move once trading in TSB shares started on the Stock Exchange on October 8. One broker said: "We believe this grey market price is exaggerated. The premium seems far too large."

The only operator apparently making prices so far is Cleveland, a licensed dealer but not a member of the Stock Exchange. Mr Harvey Lawrence, a director of Cleveland, said: "The demand is coming

from professional investors - individuals who know what they are doing in the stock market. We opened the grey market price last week at 88p, but strong demand quickly pushed it up."

"It is a very active market. We have already bought and sold 270,000 TSB shares. We are mainly dealing in amounts of up to 10,000 shares," he added.

Prospectus Application form P37-48 P48

Anyone selling shares in the grey market is assuming he will receive shares when they are issued so he can meet his obligations.

Experts agree that the shares will rise to a premium once Stock Exchange trading begins but the crucial question is how eager institutional

investors will be to buy out private shareholders. A large demand from institutions could send the shares soaring to a very big premium, as happened with British Telecommunications shares.

The TSB is keen to attract the bulk of its shares to private investors and may give as little as 10 per cent to the institutions, such as pension funds and insurance companies. Applications must be in by 10.0 am on Wednesday, September 24, but the TSB is urging applicants to hand in their forms at TSB branches before they close on the previous evening. Applicants may have their cheques cashed as early as September 24, but the bank hopes that unsuccessful applicants will have their cheques returned uncashed.

Those who are allotted fewer shares than they applied for will receive a cheque for the unused amount.

Britain's warning to Gatt nations

From Bailey Morris
Punta del Este, Uruguay

The world's future prosperity depends on the launching of a new round of world trade talks that will allow a critical economic transition into new service and high-technology industries, Mr Paul Channon, the Trade and Industry Secretary yesterday told world trade ministers.

Mr Channon, speaking in his role as the president of the European Economic Community Industry Council, said ministers must move with "a sense of urgency" to remove the threat posed by growing protectionism.

He spoke at the opening plenary session here of the General Agreement on Tariffs and Trade (Gatt).

Mr Channon made his remarks on a day in which a serious North-South debate erupted between rich and poor countries over the crucial issue of trade in investment and services.

In addition, momentum grew for a proposal, initiated by Britain, for strong language in the final communiqué requiring Japan to share the benefits of its large trade surplus.

The campaign to force Japan to use its great wealth to benefit countries which have been prevented from entering its markets was part of a complicated negotiating strategy, pitting rich countries against poorer nations and the US against Europe on agricultural issues.

Ministers spent much of yesterday and Sunday building support for their priority issues in the new trade round and attempting to arrange complex trade-offs which will, in the end, produce a commitment from the 92 Gatt member countries to have a new round.

Mr Channon said failure to do so would not only determine the future of Gatt - a trade liberalizing organization which Britain helped to found in 1947 - but also prospects for continued world growth.

He said protectionism was an attempt by rich and poor countries to put off "unpalatable economic adjustments".

For this reason, liberalization of trade in services was of primary importance and should not be fought by developing countries, he said.

There appeared to be some movement yesterday in easing the fierce dispute between the US and Europe over agricultural subsidies. Officials said that France may in the end yield to pressure from other EEC nations to agree to language in the final communiqué which will allow a gradual phase-down of farm subsidies.

CLIFFORD-TURNER

announce
the opening of
their Hong Kong office
at

2705 Gloucester Tower
The Landmark
11 Pedder Street
Hong Kong

Telephone: 5-810 5668
Telex: 81352 LEGIS HX · Fax: 5-810 4743

Resident Partners:
R.K.L. Brown · L.L. Boshoff · I.C. Starr

CLIFFORD-TURNER
London, Paris, Brussels, Amsterdam and Singapore.
Associated firms in Riyadh, Tokyo and Madrid.

MARKET SUMMARY

STOCK MARKETS

New York	1751.12 (-7.80)
Dow Jones	
Tokyo	
Nikkei Dow	Closed
Hong Kong	1942.34 (-23.99)
Amsterdam Gen	285.5 (-10.4)
Sydney: AO	1294.6 (-14.2)
Frankfurt	
Commerzbank	2085.0 (-0.7)
Brussels	
General	3680.09 (-14.29)
Paris: CAC	3653.0 (-2.5)
Edinburgh	
SKA General	840.3 (-2.9)
London closing prices	Page 34

INTEREST RATES

London:	
Bank Base:	10%
3-month Interbank:	9 1/8 - 9 1/2%
3-month Treasury Bills:	5.15-5.14%
30-year bonds:	9 1/2 - 9 3/4%
US:	
Prime Rate:	7 1/2%
Federal Funds:	5 1/4 - 5 1/2%
3-month Treasury:	5.15-5.14%
30-year bonds:	9 1/2 - 9 3/4%

CURRENCIES

London:		New York:	
£/\$:	1.4820	£/DM:	0.5155
£/DM:	0.5155	£/Yen:	110.6
£/Yen:	110.6	£/Aust:	13.75
£/Aust:	13.75	£/Swiss:	1.4820
£/Swiss:	1.4820	£/Euro:	1.4820
£/Euro:	1.4820	£/Pound:	1.0000

هكذا من الأهل

Portfolio Gold

From your portfolio card check your eight share price movements. Add them up to give you your overall total. Check this against the daily dividend figure published on this page. If it matches you have won outright or a share of the total daily prize money stated. If you are a winner follow the claim procedure on the back of your card. You must always have your card available when claiming.

No.	Company	Group	Gain or Loss
1	Lea	Industrials S-Z	
2	Woodward	Industrials A-D	
3	De La Rue	Industrials A-D	
4	Boots	Industrials A-D	
5	Movion (John)	Industrials A-D	
6	Brent Walker	Industrials A-D	
7	Dixons Grp	Industrials A-D	
8	Sydney	Industrials S-Z	
9	AEI	Property	
10	AEI	Property	
11	Bercham	Industrials A-D	
12	Freemans	Industrials A-D	
13	Evolve	Chemicals/Pet	
14	Blue Arrow	Industrials A-D	
15	Hargreaves	Industrials E-K	
16	Benson Clark	Industrials A-D	
17	Wholesale Fitting	Electricals	
18	Stroud Riley	Textiles	
19	Bentalls	Draperies/Stores	
20	Lakes	Industrials A-D	
21	Ward Cade	Building Roads	
22	Brown (Matthew)	Textiles	
23	Construals	Textiles	
24	By Car Auctions	Industrials A-D	
25	Royal Elec	Electricals	
26	Hammerston	Property	
27	Abbey	Building Roads	
28	Fitch Lovell	Food	
29	BICC	Electricals	
30	Union	Bank/Discount	
31	Rowntree Mac	Food	
32	Cambridge Elec	Electricals	
33	Ward White	Draperies/Stores	
34	Brown (Clyde)	Industrials A-D	
35	Southern (Unit)	Paper/Print/Adv	
36	Abbott Mead	Paper/Print/Adv	
37	Brenner	Draperies/Stores	
38	Kershaw (A)	Industrials E-K	
39	Black (Peter)	Industrials A-D	
40	Midland	Bank/Discount	
41	Magnet & South	Building Roads	
42	Read Int	Industrials L-R	
43	Dunlop Food	Industrials A-D	
44	Empire Stores	Draperies/Stores	

Please be sure to take account of any miss signs

Weekly Dividend

Please make a note of your daily totals for the weekly dividend of £2,000 in Saturday's newspaper.

BRITISH FUNDS

1986	High	Low	Company	Price	Change	%	P/E
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1986	High	Low	Company	Price	Change	%	P/E
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1986	High	Low	Company	Price	Change	%	P/E
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1986	High	Low	Company	Price	Change	%	P/E
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1986	High	Low	Company	Price	Change	%	P/E
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1986	High	Low	Company	Price	Change	%	P/E
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STOCK EXCHANGE PRICES
Confident start to account

ACCOUNT DAYS: Dealings began yesterday. Dealings end September 26. Settlement day September 29. Settlement day October 6.
Forward bargains are permitted on two previous business days.

1986	High	Low	Company	Price	Change	%	P/E
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1986	High	Low	Company	Price	Change	%	P/E
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1986	High	Low	Company	Price	Change	%	P/E
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1986	High	Low	Company	Price	Change	%	P/E
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Portfolio Gold

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DAILY DIVIDEND
£4,000
Claims required for +52 points
Claimants should ring 0254-53272

1986	High	Low	Company	Price	Change	%	P/E
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1986	High	Low	Company	Price	Change	%	P/E
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1986	High	Low	Company	Price	Change	%	P/E
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1986	High	Low	Company	Price	Change	%	P/E
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1986	High	Low	Company	Price	Change	%	P/E
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1986	High	Low	Company	Price	Change	%	P/E
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Half-Yearly Statement

The premium income and new business figures of the insurance subsidiaries for the half-year ended 30 June 1988 are as follows (the corresponding figures for the six months to 30 June 1985 are shown in brackets).

1 PREMIUM INCOME	£m	£m
Ordinary Branch	55.3	(51.6)
Industrial Branch	15.0	(15.3)
General Branch	8.3	(5.2)
2 NEW BUSINESS FIGURES		
Annual Premiums	11.7	(12.8)
Single Premiums	25.8	(28.1)
Sums Assured	351	(304)

The new business figures are net of reinsurance.

It should be noted that the figures at the half-year do not necessarily provide a reliable guide to those for the full year.

London and Manchester Group plc

Memec first half profits decline

By Our City Staff

Memec does not expect trading conditions to improve significantly in the near future, and it is looking to 1987 and beyond for significant growth in sales and profits.

The electronics components distributor reported profits down at £2.52 million in the half-year to June 30 compared with £3.31 million in the corresponding period. Turnover fell to £25.52 million from £26.23 million.

The interim dividend, however, goes up to 0.9p from 0.875p.

Memec said that, as products become more complex

and as more integration is achieved at silicon level, it sees an increasing demand for its products and for the marketing and sales service it provides for manufacturers.

Growth prospects in the immediate future look best outside Britain, and the company is looking for opportunities to extend operations to more overseas markets. Trading conditions in Britain remained difficult in the half-year. The company, however, maintained gross margins on sales and added several product lines with good growth potential.

Simon 'unable to forecast profit growth'

Simon Engineering says it cannot forecast profit growth with any certainty this year because trading improvements are still awaited from some sections.

Simon yesterday reported operating profit of £8.11 million in the first half to June, against £7.95 million a year earlier, on turnover down from £272.34 million to £225.03 million. Pretax profit was £10.06 million against £9.67 million.

The interim dividend is 2.7p, up from 2.5p last time.

The group says engineering services are producing good results, as are manufacturing interests, especially in the US.

TEMPUS

Dalgety's small step towards better times

In last year's annual report and accounts, the food and agricultural group Dalgety promised that "the current year following the acquisition of Gill & Duffus will see another step forward in our growth".

The results for the year to June 30 show that it was a very small step indeed. Pretax profit was up by under 4 per cent to £75 million. Turnover was up 25 per cent to £4.9 billion.

The £38.5 million trading profit contribution from Gill & Duffus, the soft commodity trader acquired in July 1985, was offset by a £21 million decline in the contribution from Australia — due to the change in status of Dalgety Farmers to minority status and the Australian dollar — and interest charges higher by £20 million to £53 million.

The trading background of bad weather, the poor UK harvest and adverse exchange rate movements has been less than ideal. Even in the US, where Martin Brower, the largest profit centre, a 15 per cent rise in sales resulted in only a modest improvement in trading profit. Canadian lumber appears to be the brightest spot where a late rise in lumber prices gave profits a much-needed boost.

Looking below the line, the news is still not especially good. Of extraordinary write-offs of £38.2 million, £27.9 million were attributable to the tin crisis. Dalgety expects to recover some of this through legal action, and the company has now pulled out of metals trading altogether. Another £8 million of extraordinary was due to closure of a confirming business.

For next year, the outlook is somewhat brighter, as the wheat and barley harvest in the UK was much better. Analysts are forecasting pretax profit of £88 million to £90 million, giving earnings per share of 28p. Historically, Dalgety has always been on a low rating, and while the prospective multiple of 10.5

anticipates the improvements to come as a result of the rationalization of Gill & Duffus, there is some premium for bid speculation in there too. Meanwhile, the 6.4 per cent yield is attractive.

Myson

Myson's saviours, Messrs Wheeler and Salkeld, are boring and cautious — and proud of it. Having proved their style with the successful turn-round of Myson in the early eighties, the tried and tested formula has now been put to work on the Thorn-EMI business.

Much is already in hand: redundancies knocked more than £1 million off first-half profits, extravagant expenses have been curtailed and the two sales forces have been amalgamated and retrained. The next step is a rigorous appraisal of product lines, management efficiency and working practices to bring margins at the acquired business nearer to those in the Myson domestic heating companies.

Yesterday's (merger-accounted) figures suggest that, if the market on the domestic side remains buoyant, profits could rise to £12.5 million for the full year with the original Myson companies maintaining their first-half 15 per cent profits improvement.

Myson has both the means and the method for a steady improvement in earnings over the next few years as the Thorn business is sharpened up. A prospective multiple of 14, with the shares up 4p at 145p, is, nevertheless, generous — the product of a market displaying rather less caution than the company in question.

Suter

What Mr David Abell and his management team at Suter have managed to get out of an unpromising portfolio of businesses should be held up as an example to the more pusillanimous of British industrialists. Mr Abell's formula is to

combine stringent financial controls with a strong market position and devolved management. Results over the last few years suggest that this approach works well.

Since 1983, turnover has more than doubled to £110 million and profits have grown from £2.2 million to £9.5 million. Acquisitions have played a strategic part, but the underlying growth remains impressive.

In the first half of 1986, turnover from distribution and light engineering rose by 17 per cent and 2 per cent respectively, while profits rose by a spectacular 44 per cent and 50 per cent.

Suter aims to earn a 25 per cent pre-interest return on capital. Some businesses are not yet achieving this but some high fliers are earning a freakish 90 per cent return on capital.

The performance of less satisfactory packaging and specialist engineering divisions should improve following the proposed closure of Shemick Packaging, Swinney Engineering and the acquisition of Hindle Cockburns, part of the US group, General Valve.

It is taking longer than expected to destock UKO's ophthalmic manufacturing operation. But, on the whole, Suter is pleased with its newest acquisition. UKO should provide the impetus for next year's growth.

Capital expenditure in the first half of 1986 was higher than in the whole of 1985. Gearing at the year-end is likely to be modest.

A change of policy led to the recent sale of a 27.7 per cent stake in FH Lloyd. Suter still holds around 14 per cent of Thermax Holdings and about 9 per cent of Newman Industries. These are strategic investments.

In the current year, Suter should easily make about £14 million (earnings per share of 13.8p). The shares are fairly valued on fundamentals but the skill of the management should take them quite a lot further.



Tolley's TAX GUIDE 1986-87

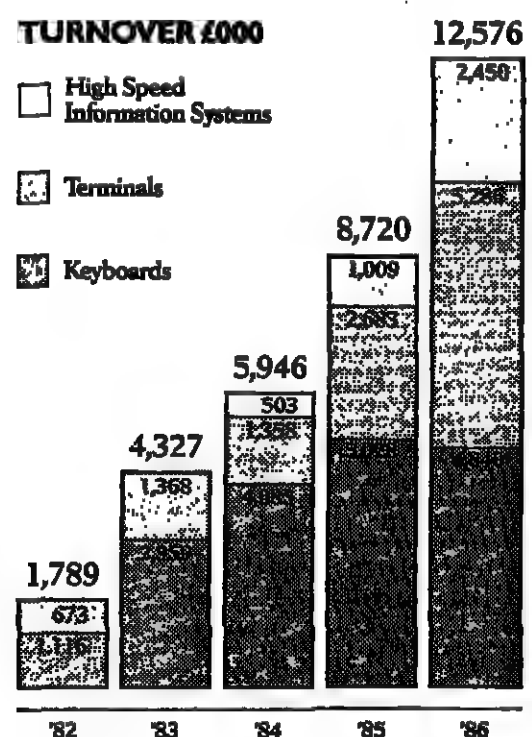
Practical tax advice for the non-expert. Fully revised and updated to include the new Inheritance Tax and the Finance Act 1986. Hardback 416pp £13.95.

Available from W H Smith and all good bookshops. Two FREE services available to purchasers of Tolley's Tax Guide Year-end Tax Planning Memorandum 1987 Budget Summary

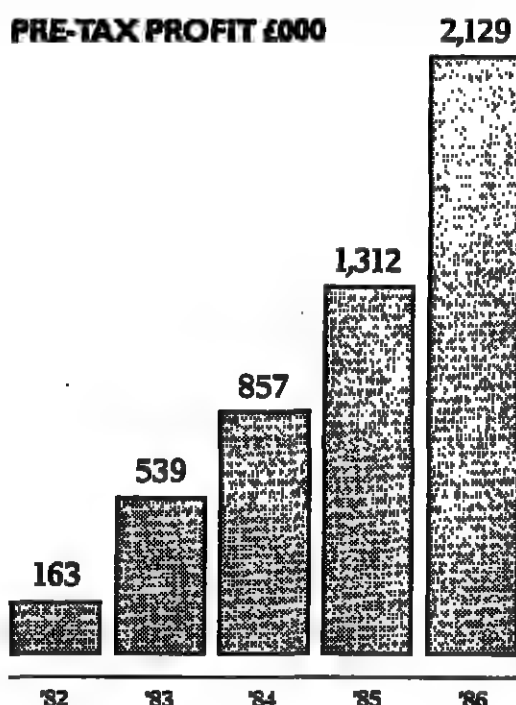
BESPOKE ELECTRONICS BESPEAKS SUCCESS.

By any standards, these are impressive growth statistics. In comparison with the electronics sector, they are even more dramatic.

Over the past five years, Alphameric has proved its ability time and again to achieve solid profit growth by carefully selecting new markets for custom-made



alphameric plc



computer products and moving into them quickly and successfully.

And now, after two successful years on the USM, we are proud to announce our admission by the Council of The Stock Exchange to the Official List.

To make sure you have the full facts on Alphameric, please contact Roger Hatfield on 04862 26663 for a copy of our 1986 Annual Report and Accounts.

• SOUTHAMPTON, ISLE OF WIGHT AND SOUTH OF ENGLAND ROYAL MAIL STEAM PACKET: Interim dividend 4p (same). First half of 1986. Turnover £4.73 million (£4.13 million). Pretax profit £656,000 (£239,000). Earnings per share 12.22p (4.06p).

• PIFCO HOLDINGS: Total payment lifted to 5.76p (5.28p) for the year to April 30. Turnover £19.01 million (£12.39 million). Pretax profit £1.27 million (£1.4 million). Earnings per share 22.4p (19.4p).

• BANK LEUMI (UK): First half of 1986. Interim dividend 3.9p, an increase of 11.4 per cent. Net profits, after tax and transfer to inner reserves, attributable to £1.59 million, £600,000 (£505,000). The results reflect increased activity in most banking areas.

• LODGE CARE: Fitzroy Rest Home has been bought for £340,000 in cash. In a full year, Fitzroy is expected to have a significant impact on Lodge Care's results.

• BULMER & LUMB: A subsidiary has entered into a contract with the Yorkshire Water Authority for the sale of freehold factory premises and about 13 acres of adjoining land in Bradford, West Yorkshire. The remainder of the site at Buttershaw continues to be occupied by the coloured-top division for its dyeing and recombining operations. The net consideration of £1.59 million in cash is expected to be paid by the end of this month and compares with a net book value of £566,000.

• EXCALIBUR JEWELLERY: Year to April 30. Dividend 0.06p (0.05p). Turnover £4.64 million (£4.65 million). Pretax loss £255,484 (loss £236,103).

• HOLMES PROTECTION GROUP: Interim dividend 0.95 cents (0.85 cents) for the six months to June 30. Pretax profit \$6 million (£4.06 million), against \$4.65 million. Earnings per share 9.1 cents (7.0 cents). The 30 per cent increase in earnings per share is in line with the company's expectations and it expects progress to be maintained for the rest of this year and beyond.

• ROBERT M DOUGLAS HOLDINGS: Dividend raised to 2.25p (1.75p) for the year to March 31. Turnover £146.46 million (£142.55 million). Pretax profit £1.77 million (£990,000). Earnings per share: net, 5.3p (9.6p) and all-distribution basis 5.3p (10.6p). Asset value per ordinary share 156p (146p).

• WEBBER ELECTRO COMPONENTS: The agreed offer by IMI is 110p in cash for each ordinary share and values Webber's capital at about £5 million. IMI has irrevocable undertakings from Webber directors to accept for their combined holdings of 1.43 million ordinaries (31.1 per cent).

NOTICE TO THE SHAREHOLDERS OF

Akzo N.V.

established at Arnhem

Issue of	1,999,681 warrants to bearer.
Issue price	Hfl 48 per warrant.
each warrant	entitles the holder thereof to obtain, at the price of Hfl 120, one common bearer share/common registered share in the capital of Akzo N.V. from May 1, 1988 until September 30, 1991.
rights	subscription will only be open to holders of rights derived from the outstanding common shares. The possession of 20 claims entitles the holder to subscribe to 1 warrant. As evidence of their rights to subscribe, holders will have to surrender dividend coupon No. 26. Each share entitles the holder to 1 claim.
dealing in rights	will commence in Amsterdam on Tuesday, September 16, 1988 and finish on Friday, September 26, 1988 at 1.15 p.m. (Amsterdam time).
subscription	until Friday, September 26, 1988 at 3.00 p.m. (Amsterdam time) on the basis of the conditions mentioned in the prospectus of September 12, 1986. Banks and brokers can only subscribe at the head office of Amsterdam-Rotterdam Bank N.V. in Amsterdam.
payment	Thursday, October 16, 1988.
prospectuses	copies of the prospectus in the Dutch language may be inspected and summaries containing an application form are available at all subscription offices. Copies of the prospectus in the Dutch and English language as well as a limited number of copies of the Articles of Association and the 1985 Annual Report of Akzo N.V. may be obtained from the head offices of the managing underwriters.
Amsterdam-Rotterdam Bank N.V.	Algemene Bank Nederland N.V.
Pierson, Heiding & Pierson N.V.	Bank Mees & Hope NV
Coöperative Centrale Raiffeisen-Boerenleenbank B.A.	Nederlandsche Middenstandsbank NV
F. van Lanschot Bankiers NV.	
In particular, at the offices of the Paying Agents:	
Midland Bank plc	Barclays Bank PLC
110 Cannon Street	54 Lombard Street
London EC4N 6AA	London EC3P 3AH
Amsterdam/Utrecht's-Hertogenbosch, September 12, 1986	

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محذمان السفر

PUBLIC APPOINTMENTS

CHIEF INTERNAL AUDITOR

SOUTH COAST LOCATION
PO10-13 £14,385-£15,453 plus Car Allowance

Arising from the appointment of the present holder to the post of Audit Manager, Norwich Health Authority, the above post becomes vacant on 20 October 1986.

Applications are invited from appropriately qualified and experienced persons (CIPFA qualification preferred), who will need to be able to demonstrate their ability to actively lead a small audit section.

Further particulars and application form available from the Personnel Section, Town Hall, Gosport, Hants PO12 1ER. Tel. (0705) 584242 Ext. 223.

Closing date: 26 September 1986.

Gosport Borough Council is an Equal Opportunity Employer. 3C



Borough of Gosport

DIRECTORATE OF ADMINISTRATION

SENIOR SOLICITOR (SOCIAL SERVICES)

Grade POB/E
£14,391 - £16,759 p.a. inclusive
(Pay award pending)

Someone with an inexhaustible supply of energy, knowledge and wisdom is required to take on a substantial workload arising mainly in the Social Services field. Such a person is likely to have been admitted for at least three years and be able to demonstrate experience in juvenile, family and social welfare matters. As well as the giving of advice, attendance at court, case conferences, committees and tribunals will be required.

ASSISTANT SOLICITORS

Grade POB/E
£12,690 - £14,391 p.a. inclusive
(Pay award pending)

Excellent opportunities to gain experience await the two people chosen to join Bexley's Legal Services. As successful people they will be able to include themselves in dealing with the range of services provided by an outer London Borough. It is taken for granted they will possess the necessary legal skills and be able to express themselves with clarity. Starting salary will depend upon ability and experience. Applications welcome from those who have newly qualified.

The above posts offer the benefits of a generous relocation package in approved cases, flexible working hours and a subsidised staff restaurant.

Further details and application forms available from Personnel Section, Room 320, Civic Offices, Broadway, Bexleyheath, Kent, DA6 7LB. Telephone 01-303 7777 Ext. 2011.

Bexley London Borough

Closing date 13th October 1986.

MEICAL RESEARCH COUNCIL

EXECUTIVE OFFICER

£13,800 - £17,400

The Medical Research Council, which is the main government agency for the promotion of medical research, is seeking to recruit a small number of Executive Officers to work in its Headquarters Office and Regional Offices.

Applicants are invited to submit their applications, which should include a curriculum vitae, to the Personnel Section, Medical Research Council, 11, Bedford Way, London EC1A 1BS.

Conditions include 22 days annual leave plus 10 days public and personal leave, contributory pension scheme with pay protection, flexible working hours and a subsidised staff restaurant.

Applications should be sent to the Personnel Section, Medical Research Council, 11, Bedford Way, London EC1A 1BS.

Closing date for applications: 25 September 1986.

An Equal Opportunity Employer.

For further details contact: Personnel Department, Medical Research Council, 11, Bedford Way, London EC1A 1BS. Tel: 0206 28711 ext 257.

BASILDON & THURROCK HEALTH AUTHORITY

For further details contact: Personnel Department, Medical Research Council, 11, Bedford Way, London EC1A 1BS. Tel: 0206 28711 ext 257.

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For further details contact: Personnel Department, Medical Research Council, 11, Bedford Way, London EC1A 1BS. Tel: 0206 28711 ext 257.

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An Equal Opportunity Employer.

A challenging appointment focusing on the effective 'management of change' in working practices.

HEAD OF FINANCIAL SERVICES

£15,453 - £16,551
plus mortgage
assistance and
relocation expenses
of up to £3,750

Borough of
Brighton
Brighton is a nuclear free zone.

Brighton is the premier resort of the south with the added bonuses of being a centre for art, leisure, business and shopping. Essentially forward looking in outlook, the town has maximised its advantages and has created a progressive environment in which to live and work.

This third tier post, reporting to a Principal Assistant Treasurer, involves the management of a newly reorganised section which provides a comprehensive service covering financial management as well as financial accounting.

The section is preparing for the implementation of a new and sophisticated management information system (GL Millennium). The system is at an advanced state of development and should be functioning by Spring '87.

The system will bring considerable benefits but will call for fundamental changes in work practices. The most challenging aspect of the job is to manage these changes in human and technical terms. This will require well developed motivational and inter-personal skills as well as the ability to establish total credibility with staff, peers and senior officers.

You must be CIPFA qualified with at least five years' experience at senior level. A clear understanding of local authority accountancy should ideally be complemented by a knowledge of the GL system.

To discuss this appointment in more detail please telephone Mrs. M. Deacon (Principal Assistant Treasurer) or Mr. R. Jones (Borough Treasurer) on Brighton (0273) 29801. Application forms and further details of the post are available from the same number - ext. 468. Completed forms should be returned to the Borough Treasurer, P.O. Box 4, Town Hall, Brighton, BN1 1JR by 30 September 1986.

Brighton Council is committed to equal opportunities and is currently developing an Equal Opportunity Policy.

LEGAL APPOINTMENTS

CHELTEMHAM AND GLOUCESTER

JUSTICES' CLERKS' OFFICES
COURT CLERKS £2042-£13,545

Barristers, solicitors, diploma holders and other qualified staff are invited to apply.

Salary according to qualifications and experience. Further details from: Mr. R. Holden - Cheltenham (0242) 532223 or Mr. C. Beard - Gloucester (0452) 426152.

Closing date for receipt of applications 6th October 1986.

PRIVATE SOLICITOR OVERSEAS COMPANY BASED IN MAYFAIR

We require a private solicitor who is fully experienced in Company Law and Finance to work from our Mayfair office on a full time basis. Usual company benefits including car. Salary Negotiable. Full CV and please contact Desmond Cruise on 01 629 0577.

The Institute of Chartered Accountants in England & Wales

We are seeking to appoint a

SOLICITOR OF BARRISTER

to deal with the implications to the accountancy profession of the Financial Services Bill. The successful candidate will be aged about 30 preferably with company law or financial background and the post will be based in our Milton Keynes Office.

Salary circa £20,000 p.a. and other benefits include free medical insurance and contributory pension scheme. Please apply enclosing current C.V. to:

Brian Weston
Personnel Manager
The Institute of Chartered Accountants in England & Wales
Chartered Accountants' Hall
Moorgate Place
London EC2P 2BJ



THE ROYAL INSTITUTION OF CHARTERED SURVEYORS

wish to appoint a Welsh-speaking
LAW GRADUATE

for its London Headquarters

to assist the Arbitrations Officer in providing administrative support to the President in the appointment of arbitrators, predominantly under the Agricultural Holdings legislation but also in other cases.

Applicants should be not less than 25 years of age and preferably bi-lingual in English and Welsh.

SALARY not less than £9,200 p.a.

Applications with C.V. and daytime telephone number to:

The Personnel Officer,
RICS, 12 Great George Street,
Parliament Square,
London SW1P 3AD.



wishes to appoint a

COMMERCIAL SOLICITOR

to join its legal team in High Holburn.

A candidate of above average ability and potential is sought, preferably with a good degree and in the 25-30 age group.

The work is wide-ranging and challenging. The salary is competitive and the fringe benefits are substantial.

Please write with C.V. to:-

Miss I.M. Lee,
Recruitment & Training Officer,
Pearl Assurance PLC,
252 High Holburn,
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LEGAL APPOINTMENTS

Career opportunities for young LAWYERS

As a large and rapidly expanding firm, based in the heart of the Midlands, we provide a full range of legal services for our corporate and private clients. We need able and ambitious lawyers to further our expansion in the following areas:-

COMPANY & COMMERCIAL

The work involved is stimulating, extremely varied and will provide scope for applicants to broaden their experience, exercise their responsibility and develop their careers. The type of work involved ranges from general advice to clients on company and commercial matters through to dealing with full Stock Exchange listings and U.S.M. flotations. There will be opportunities to deal with takeovers and acquisitions, management buy-outs, banking and corporate finance, institutional and venture capital funding, joint ventures and advising Receivers and Liquidators.

COMMERCIAL PROPERTY

Our commercial property department has a heavy bias towards development work acting for a number of substantial developers and institutional investors, as well as providing property services and advice to our other corporate and business clients. A wide range of work is involved including development agreements, joint ventures, funding and project management in addition to the usual acquisitions, sales and lettings.

PENSIONS AND TRUSTS

An exciting opportunity exists for a solicitor with some knowledge and experience of trust matters to augment and develop an expertise in company pension schemes, including not only establishing pension schemes but also advising corporate clients on pension matters in relation to acquisitions and takeovers and related areas.

EMPLOYMENT LAW

An increasing and varied number of employment cases means that our team of employment lawyers requires support from an applicant who is able and prepared to develop an expertise in this field, with particular reference to tribunal and litigation work. Some advocacy will be involved and there will be an opportunity for the applicant also to maintain and develop an interest in other areas of commercial litigation.

PRIVATE PROPERTY CONVEYANCING

A solicitor is required to join our private property conveyancing department to add support to our existing team who handle a volume of good quality private property conveyancing generated by our broad client base. Excellent opportunities with considerable responsibility are available for the selected applicant.

While ideally applicants should have at least one year's relevant post qualification experience in private practice, newly qualified solicitors should not be deterred from applying. We offer very attractive salaries with excellent prospects and will assist with relocation expenses, if appropriate.

If you wish to meet us for an initial informal discussion, please write, with career details and current salary, to:-

C.W. Hughes, Wragge & Co., Bank House, 8 Cherry Street, Birmingham B2 5JY.
021-632 4131

Wragge & Co

"But Westward look, the land is bright!"
Commercial Property - W.L. From £20,000
Min. 3 yrs P/Ad. Exp. - currently billing at least £22,000. Real opportunity to grow.

"There is always room at the top!"
Commercial Property - City to £25,000 and
Several vacancies, min 2 yrs exp through to
Senior Assistants.

"...for men that see to reap."
Agricultural land conveyancing - City to £12,000
Legal Executive, min 3 yrs experience. 5% Mortgage
+ good package.

"Far from the madding crowd's ignoble strife."
Vacancies outside London: Litigation
(including criminal) etc.

Phone Peter Mantell 01-236 1661
Temple Associates,
37 Ludgate Hill, London EC4M 7JN

CORPORATE LAWYER EDINBURGH

We are seeking an enthusiastic and ambitious lawyer with City experience to undertake demanding work in the company and commercial areas of our firm's business. This is an important position and the successful applicant will be expected to take responsibility for complex aspects of this area of our business for commercial and institutional clients.

This is a definite career opportunity for the right person and will suit someone with 2-4 years post qualifying experience.

Please apply in writing with full C.V. to:

J. N. FERGUSON, ESQ.
EXECUTIVE PARTNER
DUNDAS & WILSON, CS
25 CHARLOTTE SQUARE
EDINBURGH EH2 4EZ

COMMERCIAL PROPERTY HALLIWELL LANDAU MANCHESTER

Due to continuing expansion we wish to recruit for our Commercial Property Department

PROSPECTIVE EQUITY PARTNER
You should be more than five years qualified and must have wide experience of all aspects of major commercial property work preferably in a City, West End or substantial provincial practice. An early and successful equity partnership will be offered to the right applicant, who can look forward to becoming an integral part of the firm's future.

SENIOR SOLICITOR
You should be more than two years qualified with a commercial property background and experience. A substantial salary will be offered and there are good prospects for personal development.

ASSISTANT SOLICITOR
You must have relevant experience during Articles and know your way round a commercial lease. A substantial salary will be offered according to experience.

Please write with your career details to:
The Partnership Secretary, Halliwell Landau,
Barnet House, 53 Fountains Street,
Manchester, M2 2AN.

Meredith Scott

COMMERCIAL PROPERTY To £20,000
West End practice with highly regarded property department seeks solicitors at all levels with London or good provincial experience.

BANKING To £20,000



TSB GROUP plc

TSB
GROUP

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OFFER FOR SALE

by

**LAZARD BROTHERS
& CO., LIMITED**

on behalf of the

**TRUSTEE SAVINGS BANKS
CENTRAL BOARD**

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of change
RVICES

THE ROYAL
INSTITUTION
CHARTERED
SURVEYORS
GRADUATE

Pearl
COMMERCIAL
SOLICITOR

High Court Judge
Legal Secretaries

WEDNESDAY
LITIGATION
SOLICITOR

TSB GROUP plc

OFFER FOR SALE

by

LAZARD BROTHERS & CO., LIMITED

on behalf of the

TRUSTEE SAVINGS BANKS CENTRAL BOARD

of up to 1,495,830,450 ordinary shares of 25p each at 100p per share of which 50p is payable now and 50p is payable on 8th September, 1987 underwritten as to 1,050,000,000 shares by

LAZARD BROTHERS & CO., LIMITED HILL SAMUEL & CO. LIMITED KLEINWORT BENSON LIMITED
S.G. WARBURG & CO. LTD. NOBLE GROSSART LIMITED

Up to 750,000,000 shares are reserved for priority applications from eligible customers who have registered for priority, employees and pensioners of the Group and for the Free Offer to employees. Of these shares, up to 75,000,000 shares are reserved initially for priority applications from eligible employees and pensioners of the Group and for the Free Offer. Whatever the demand for shares, each person who makes a valid priority application will receive at least some of the shares for which application is made.

A public application form is provided at the end of this document, together with notes on how to complete it. The application list for the shares now offered for sale will open at 10.00 a.m. on Wednesday, 24th September, 1986 and may be closed at any time thereafter. It is expected that the shares offered for sale will be admitted to listing on 8th October, 1986 and that dealings will commence on that date.

Authorised	SHARE CAPITAL	Maximum to be issued, fully paid
£505,263,158	ordinary shares of 25p each	375,000,000
19,736,842	limited voting ordinary shares of 25p each	19,736,842
525,000,000		394,736,842

The shares now offered for sale carry the right to receive all dividends and other distributions hereafter declared, paid or made in respect of the ordinary shares of TSB Group plc. The limited voting shares can be held only by the TSB Foundations.
12th September, 1986

MESSAGE FROM SIR JOHN READ, CHAIRMAN

25, Milk Street,
London EC2,
12th September, 1986

To customers, employees and pensioners of the Group and others who are interested in applying for shares in the Company

I welcome the opportunity to introduce this document, which contains an offer for sale of shares in TSB Group plc.

The offer for sale is a very important step for the Group. The sale proceeds will be received by the Group and so provide substantial additional resources for future expansion and development. The Group will therefore be in a strong position to compete in the banking and personal financial services sector.

One of the Group's greatest strengths is its customer base and the offer for sale will enable us to extend and improve the services we provide.

I hope that a large number of existing customers will take advantage of this opportunity to acquire shares in TSB Group plc, and that other members of the public will learn more about us and will also become shareholders and customers. I have already made clear our aim of attracting over one million shareholders.

In the following pages you will find information about the Group's businesses — and about the team of people running them. We look forward to welcoming our new shareholders, who join us in exciting and challenging times.

John Read

PART I KEY INFORMATION

This Part should be read in conjunction with the full text of this document.

1. OFFER FOR SALE

TSB Group plc is the newly established holding company of the Group. All the ordinary shares of the Company, both issued and to be issued, other than the shares to be retained for the Free Offer, are being offered for sale by Lazard Brothers on behalf of TSB Central Board. Following the offer for sale, TSB Central Board will retain sufficient ordinary shares to satisfy the loyalty bonus arrangements referred to in Section 8 below. The shares are being offered for sale at a price of 100p per share, of which 50p is payable now and 50p on 8th September, 1987.

2. PRIORITY ARRANGEMENTS FOR ELIGIBLE CUSTOMERS, EMPLOYEES AND PENSIONERS

Up to 750,000,000 shares, being 50 per cent. of the maximum number of shares offered for sale and the shares to be retained for the Free Offer, are reserved for priority applications from eligible customers who have registered for priority, employees and pensioners of the Group and for the Free Offer.

Of these shares, up to 75,000,000 shares are reserved initially for priority applications from eligible employees and pensioners of the Group and for the Free Offer. Under the Free Offer, TSB Central Board is offering 150 shares free of charge to each qualifying employee. The total number of shares to be retained for the Free Offer is 4,169,550.

Priority applications may be made for a minimum of 200 shares and a maximum of 10,000 shares. Whatever the demand for shares, each person who makes a valid priority application will receive at least some of the shares for which application is made. Each person who is eligible to apply for shares under the priority arrangements may also make a single application on a public application form.

Any shares not taken up under the priority arrangements will be available to satisfy applications on public application forms.

Further details of the priority arrangements are set out in Section 1 of Part XII.

3. BUSINESS AND USE OF PROCEEDS

The Group is one of the largest personal financial services groups in the UK. Its main activities are:

- a major personal banking business, with a network of some 1,600 branches throughout the UK, the Channel Islands and the Isle of Man, and a developing commercial banking business
- one of the leading UK unit-linked life companies, a growing general insurance agency business, and the seventh largest unit trust management group in the UK
- TSB Trustcard, with a 12 per cent. share of the bank-issued credit card market in the UK
- UDT, a major finance house
- Swan National, a major UK vehicle rental and leasing business, and Valkyrie, a substantial vehicle distribution group.

The offer for sale proceeds will be received by the Group and so strengthen its capital resources for future development. As well as using the new capital to support the growth of its existing businesses, the Group intends to expand its range of services, including commercial services, although the emphasis will remain on personal financial services in the UK. There will be further investment in the branch network, and in technology to exploit the full potential of the Group's existing sophisticated computer systems. Furthermore, the Group will have capital available to make acquisitions in related fields when suitable opportunities arise.

4. OFFER FOR SALE STATISTICS

Offer for sale price (payable by instalments)	100p
Number of ordinary shares (1)	1,500,000,000
Market capitalisation at the offer for sale price (2)	£1,500 million
Proceeds of the offer for sale (3)	£1,274 million
Pro forma forecast profit after taxation for the year to 20th November, 1986 (3)	£196 million
Pro forma forecast earnings per ordinary share (4)	13.1p
Price/earnings multiple on pro forma forecast earnings per ordinary share	7.63 times
Notional dividend per ordinary share in respect of the year to 20th November, 1986 (5)	4.26p
Notional gross dividend yield at the offer for sale price	6.0%
Notional dividend cover	3.1 times
Pro forma net tangible assets at 21st May, 1986 (6)	£2,148 million
— per ordinary share and limited voting share	136p

Notes:

- The maximum number of ordinary shares in issue following the offer for sale.
- The difference between £1,500 million and £1,274 million represents (a) the value, at the offer for sale price, of the maximum entitlement to loyalty bonus shares (135,984,586 shares) under the arrangements referred to in Section 8 below and of the 4,169,550 shares to be retained for the Free Offer and (b) the estimated expenses of the offer for sale (£486 million). To the extent that shares are not required to be retained under the loyalty bonus arrangements, they will be included in the offer for sale and the proceeds will accordingly increase.
- Details of the pro forma forecast profit after taxation are set out in Section 5 below.
- Pro forma forecast earnings per ordinary share are calculated by dividing the pro forma forecast profit after taxation by the maximum number of ordinary shares in issue following the offer for sale. They do not reflect the dilution which would result from conversion of the limited voting shares in the circumstances referred to in Section 6(d) of Part XI.
- The notional dividend is the dividend the Directors would have expected to recommend had the proceeds of the offer for sale been available to the Group for the whole of the year to 20th November, 1986.
- Pro forma net tangible assets are calculated on the basis of the net tangible assets of the Group at 21st May, 1986, adjusted for the proceeds of the offer for sale. They exclude the surplus over book value of £187 million, before taxation, shown by the appraisal of the value of the Group's life insurance and pension subsidiaries referred to in Section 1 of Part VI.

The statistics set out above are based on the maximum number of ordinary shares in issue following the offer for sale. Of the ordinary shares offered for sale, only 1,050,000,000 ordinary shares have been underwritten. If the offer for sale were not fully subscribed, the maximum number of shares would not be issued and the market capitalisation at the offer for sale price and the proceeds of the offer for sale would fall; the pro forma forecast profit after taxation for the year to 20th November, 1986 and the pro forma net tangible assets at 21st May, 1986 would be reduced, but the pro forma forecast earnings per ordinary share and the pro forma net tangible assets per share would be higher. If the underwritten shares only were to be sold and, in addition, TSB Central Board were to retain 105,000,000 ordinary shares to satisfy the maximum potential entitlement to extra shares under the loyalty bonus arrangements, the pro forma forecast earnings per ordinary share would rise to 15.2p and the pro forma net tangible assets per share to 151p.

5. FINANCIAL HIGHLIGHTS

Consolidated profit and loss accounts

	1981	1982	1983	1984	1985	1986 Forecast (1)	1986 Pro forma forecast (2)
	£m	£m	£m	£m	£m	£m	£m
Operating profit before surplus on disposal of investments	83	78	127	141	159	193	303
Surplus on disposal of investments	—	52	23	13	10	8	8
Operating profit	83	130	150	154	169	201	311
Exceptional charges (3)	—	52	51	10	—	—	—
Profit before taxation	83	78	99	144	169	201	311
Taxation	36	23	38	57	60	76	115
Profit after taxation	49	55	61	87	109	125	196

Consolidated balance sheets

	1981	1982	1983	1984	1985	1986 Actual	1986 Pro forma (4)
	£m	£m	£m	£m	£m	£m	£m
Short-term assets	807	685	1,055	1,280	2,044	1,915	3,189
Liquid investments and loans (5)	5,371	5,354	4,839	4,831	4,132	4,684	4,684
Advances to customers	1,237	1,839	2,698	3,406	4,651	4,867	4,867
Total assets	7,884	8,327	9,137	10,148	11,498	12,135	13,409
Current and deposit accounts	7,246	7,574	8,278	9,070	10,258	10,762	10,762
Net tangible assets	486	550	624	712	821	874	2,148
Net assets of the life insurance and pension business funds	243	345	476	654	788	1,044	1,044

Notes:

(1) The forecast includes the interest expected to be earned up to 20th November, 1986 on the first instalment of the offer for sale proceeds (net of the estimated expenses of the offer for sale) and a provision for covenant payments to the TSB Foundations under the arrangements referred to in Section 3 of Part XII. The forecast includes results shown by the audited consolidated accounts for the six months to 21st May, 1986.

(2) The pro forma forecast is based on the forecast of actual profits for the year to 20th November, 1986, adjusted as follows. It is assumed that the proceeds of the offer for sale were available throughout the year to 20th November, 1986 and were invested to yield 9.975 per cent., being three months LIBOR on 5th September, 1986. The pro forma forecast also includes provision for a full year's covenant payments to the TSB Foundations and the estimated annual cost of maintaining the Company's share register following the offer for sale. Consequential amendments to the tax charge at a notional rate of 35 per cent. have been made in respect of the foregoing adjustments. Pro forma forecast profits are shown for guidance only and do not represent either actual or forecast profits.

(3) The exceptional charges represent, in 1982 and 1983, special contributions to pension schemes and, in 1984, the setting up of in-house customer account servicing by TSB Trustcard.

(4) Pro forma amounts at 21st May, 1986 represent the actual amounts at that date adjusted to reflect the proceeds of the offer for sale.

(5) Including deposits with the National Debt Commissioners.

Historical figures are derived from the Accountants' Report in Part IX.

6. INTERIM RESULTS AND PROFIT AND DIVIDEND FORECASTS

The Group's audited profit before taxation for the six months to 21st May, 1986 amounted to £96.0 million.

The Directors consider that, in the absence of unforeseen circumstances, the Group's profit before taxation for the year to 20th November, 1986 will be £201 million. Further details of the profit forecast and the assumption on which it is based are set out in Part VII.

The Directors expect to pay, in March 1987, a single dividend of 1.065p net per ordinary share for the year to 20th November, 1986. This dividend reflects the fact that only the first instalment of the offer for sale price will have been paid.

7. LIMITATIONS ON ORDINARY SHAREHOLDINGS

The Company's memorandum and articles of association restrict the maximum proportion of the Company's issued ordinary shares in which any person may be interested to 5 per cent. until the fifth anniversary of the date on which the basis of allocation under the offer for sale is announced and to 15 per cent. thereafter. These provisions are summarised in Section 5 of Part XI.

8. LOYALTY BONUS

Successful applicants for shares will be entitled to receive, free of charge, a loyalty bonus of one extra share, up to a maximum of 500 shares, for every 10 shares continuously held from allocation under the offer for sale to 30th September, 1989. Further details are set out in Section 2 of Part XII.

9. SPECIAL DEALING ARRANGEMENTS

Arrangements have been made for investors to deal in small numbers of shares at special agreed rates until 30th September, 1988. Details are set out in Section 5 of Part XII.

10. TRUSTEE INVESTMENTS ACT 1961

By virtue of the provisions of the 1985 Act, the shares will, on admission to listing on The Stock Exchange, be "wider range investments" within the meaning of the Trustee Investments Act 1961.

Directors	
*Sir John Read <i>Chairman</i>	The Earl of Iddesleigh DL
Sir Ian Fraser <i>Deputy Chairman</i>	*R. R. Jeune OBE
D. M. Backhouse	I. H. Macdonald OBE
N. R. Barnes TD	J. H. F. Macpherson CBE
L. Bolton	A. D. Martineau
The Lord Bruce-Gardyne	*K. A. Millichip
*M. Chalcraft	P. C. Paisley
*P. Charlton	L. W. G. Priestley TD
G. B. Corser	Mrs. J. P. G. Prior JP
*R. T. Ellis OBE DL	*J. S. Rainey
J. D. Hamilton CBE	N. J. Robson
*J. P. R. Holt JP	D. M. Stevens
*G. L. Hughes	D. B. Thom
all of 25, Milk Street, London EC2V 8LU.	
*the members of TSB Central Board.	
Secretary:	
Peter William Stuart Rowland, <i>Barrister</i>	
Registered Office:	
16, Hope Street, Charlotte Square, Edinburgh EH2 4DD.	
Group Head Office:	
25, Milk Street, London EC2V 8LU.	
Issuing House:	
Lazard Brothers & Co., Limited, 21, Moorfields, London EC2P 2HT.	
assisted by	
Noble Grossart Limited, 48, Queen Street, Edinburgh EH2 3NR.	
Auditors:	
Peat, Marwick, Mitchell & Co., Chartered Accountants, 1, Puddle Dock, London EC4V 3PD.	
Reporting Accountants:	
Deloitte Haskins & Sells, Chartered Accountants, 128, Queen Victoria Street, London EC4P 4JX.	
Registrars and Custodian Bank:	
Lloyds Bank Plc, Registrar's Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA.	
Stockbrokers to the Offer:	
Rowe & Pitman Ltd., 1, Finsbury Avenue, London EC2M 2PA.	
assisted by	
Wood Mackenzie & Co. Limited, Kintore House, 74/77, Queen Street, Edinburgh EH2 4NS.	
Solicitors to the Company:	
Theodore Goddard, 16, St. Martin's-le-Grand, London EC1A 4BJ.	
W & J Burness W.S., 16, Hope Street, Charlotte Square, Edinburgh EH2 4DD.	
Solicitors to the Offer:	
Linklaters & Paines, Barrington House, 59-67, Gresham Street, London EC2V 7JA.	

1. HISTORICAL BACKGROUND

The origins of the Group lie in the local savings banks established in the early nineteenth century to encourage thrift and self-help among wage-earners. The first of these was opened in Ruthwell, Scotland in 1810. These savings banks were run as an act of public service by trustees, who were often local businessmen, landowners or clergymen.

From 1817 in England and Wales and Ireland, 1833 in the Channel Islands and 1835 in Scotland, successive Acts of Parliament established a statutory framework for the savings banks, under which the trustees were required to invest deposits with the Government and, later, in Government securities and with local authorities. The TSBs were subject to governmental supervision and came to operate under the umbrella of National Savings.

By 1860 there were over 600 separate TSBs. From that time their number fell to 100 just before the Second World War as TSBs transferred their operations to the Post Office Savings Bank, closed or amalgamated. The trend continued with further amalgamations, and from the early 1970s the level of co-operation between the TSBs developed significantly when they began to share computer facilities. Increasingly the TSBs felt the need to offer their customers a wider range of banking and other financial services beyond their traditional role as savings institutions. Current account facilities began to be introduced by the TSBs in England, Scotland and Wales in 1965, in Northern Ireland in 1967 and in the Channel Islands in 1969. A unit trust management company empowered to transact life insurance business launched its first authorised unit trust in 1968. Nevertheless, the statutory controls to which the TSBs were subject, particularly with regard to the nature of the investments which the TSBs could make with deposits and the return which could be paid to depositors, were seriously restricting the development of their business.

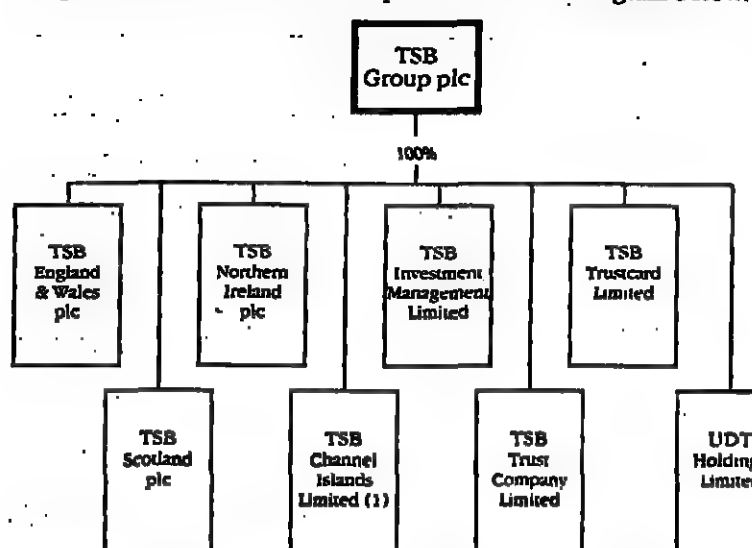
In 1971, a committee chaired by Sir Harry Page was appointed by the Government to consider the future role and development of National Savings and of the TSBs in the provision to the public of savings, money transmission and other financial services. The Page Committee recommendations prompted the enactment of the Trustee Savings Banks Acts 1976 and 1978 which removed many of the restrictions on the activities of the TSBs and enabled them to make radical changes to their structure and services and to compete on a more equal footing with the major clearing banks. TSB Central Board was established in 1976 to improve central co-ordination and, in the same year, amalgamations reduced the number of TSBs to 20. Further mergers subsequently took place and by the end of 1983 there were only four TSBs — TSB England & Wales, TSB Scotland, TSB Northern Ireland and TSB Channel Islands.

In the meantime CTSB had been set up in 1973 to act as the central bank and clearing agent for the TSBs and two years later it joined the London central clearing system. Since the 1976 Act the range of financial services offered by the Group has been expanded significantly, and the Group is now one of the largest personal financial services groups in the UK. The scope of its present activities is described in Part IV.

2. RESTRUCTURING

The 1985 Act represented the final step in the legislative process under which the Group has completed its evolution into a conventional corporate structure. The former system of supervision of the TSB banks by the Treasury and government agencies has come to an end, and the TSB banks now operate within the same regulatory framework as their main banking competitors. Under the 1985 Act the assets and obligations of the TSBs have been vested in new TSB banking companies, while shares in the non-banking subsidiaries in which the four TSBs were jointly interested with TSB Central Board have been transferred to the Company. Further details of the restructuring under the 1985 Act are set out in Section 2 of Part XI.

The present structure of the Group is shown in the diagram below:



Note:
(1) It is intended that the Company will, in November 1986, offer for sale up to 49 per cent. of the issued share capital of TSB Channel Islands and that permission from the Council of The Stock Exchange will be sought for dealings in those shares on the Unlisted Securities Market.

Following the enactment of the 1985 Act, it was claimed in legal proceedings brought in both Scotland and England that the depositors owned the assets of the TSBs. These claims were rejected by a unanimous decision of the House of Lords in July 1986. Following that decision the vesting provisions of the 1985 Act were implemented to restructure the Group and to enable this offer for sale to proceed.

At present TSB Central Board owns all the issued and allotted ordinary shares of the Company. All the ordinary shares of the Company, issued and to be issued, other than the shares to be retained for the Free Offer, are now being offered for sale. The proceeds will be paid over by TSB Central Board to the Company.

3. TSB FOUNDATIONS

For many years the TSB banks have sought to maintain a close association with their local communities, contributing to the life of the community by assisting local needs of many different kinds. To enhance this traditional role and to preserve it in a permanent framework, four regional TSB Foundations have been created, covering England and Wales, Scotland, Northern Ireland and the Channel Islands respectively.

Each TSB Foundation has been established with the aim of supporting general charitable objectives, principally within its own territory. The policy of each foundation will be determined by its own board of trustees.

The TSB Foundations will derive their revenue from the Company, which has entered into covenants to make annual payments to the TSB Foundations of a total amount equal to one per cent. of one-third of the aggregate pre-tax profits (less pre-tax losses) of the Group for the three years ended on 31st October in the year preceding the year of payment, adjusted as provided in the deeds of covenant. Payments will be made quarterly, the first, amounting to some £340,000 in aggregate, to be made on 31st October, 1986.

The TSB Foundations will hold all the limited voting shares, representing five per cent. of the issued share capital of the Company following the offer for sale. These shares carry no dividend rights and a limited entitlement to vote, but are convertible into ordinary shares in certain circumstances.

The limited voting shares will be held by the TSB Foundations in proportion to the reserves of the TSB banks as at 21st May, 1986, and the covenanted payments will be made in the same proportions.

A summary of the rights conferred by the limited voting shares and further information about these arrangements are set out in Sections 6 and 14 of Part XI.

1. INTRODUCTION

The Group is one of the largest personal financial services groups in the UK. Its main activities are a major personal banking business, with a network of some 1,600 branches throughout the UK, the Channel Islands and the Isle of Man, and a developing commercial banking business; one of the leading UK unit-linked life companies; a growing general insurance agency business; the seventh largest unit trust management group in the UK; TSB Trustcard, with a 12 per cent. share of the bank-issued credit card market in the UK; UDT, a major finance house; and Swan National, a major UK vehicle rental and leasing business, and Valkyrie, a substantial vehicle distribution group.

While banking still accounts for the major part of the Group's profits, the development of a broadly based personal financial services organisation is demonstrated by the growing profits from the Group's other activities, which contributed 28 per cent. of Group operating profit in 1985 compared with only 7 per cent. in 1981. The table set out below shows the sources of the Group's operating profit:

	1981 £m	1982 £m	1983 £m	1984 £m	1985 £m	6 months to 21st May, 1986 £m
Banking (1)						
—before surplus on disposal of investments	77.5	68.9	98.2	104.0	112.7	62.7
—surplus on disposal of investments	1.7	52.1	22.9	12.7	9.7	6.7
	79.2	121.0	121.1	116.7	122.4	69.4
Other activities						
Insurance and unit trust services (2)	7.3	10.1	15.8	23.6	26.5	16.5
Credit card operations	(5.6)	(2.6)	(0.2)	6.7	6.0	3.5
Finance house services	3.3	(0.7)	8.4	2.0	7.0	4.5
Vehicle rental, leasing and distribution	1.1	1.9	5.1	4.8	7.4	2.1
	6.1	8.7	29.1	37.1	40.9	26.6
Group operating profit	85.3	129.7	150.2	153.8	169.3	96.0

Notes:
(1) Including investment management
(2) Including commissions and dividends received by the TSB banks and UDT from TSB Trust Company and its subsidiaries

2. BANKING

The Group offers its banking services nationwide through four banking companies, TSB England & Wales, TSB Scotland, TSB Northern Ireland and TSB Channel Islands. They have one of the largest customer bases in the UK personal banking sector, with about 7 million customers holding well over 13 million accounts. The Group's 1,600 bank branches are spread throughout the UK, the Channel Islands and the Isle of Man although, for historical reasons, the concentration of branches is heaviest outside the south of England.

The table below gives summarised information about the TSB banks at 21st May, 1986:

	TSB England & Wales(1)	TSB Scotland	TSB Northern Ireland	TSB Channel Islands	Total
Number of:					
Branches	1,246	276	56	9	1,587
Accounts (000's)	10,904	2,102	679	94	13,779
Employees					
—full time	15,242	2,626	593	138	18,599
—part time	3,027	845	177	24	4,073
	£m	£m	£m	£m	£m
Deposits	7,861	1,423	394	190	9,868
Advances(2)	3,054	608	116	32	3,810
Total assets	8,784	1,647	455	219	11,105

Notes:
(1) Including CTSB.
(2) Including investment in leased assets and after deducting provisions for bad and doubtful debts.

Until 1976 the TSBs were severely limited in the services which they could offer and the manner in which they could invest their customers' deposits. The 1976 Act initiated a progressive relaxation of those limitations and the TSBs moved quickly to introduce new services. The TSB banks now offer a comprehensive range of banking services, including offshore services, although the specific products vary from bank to bank.

The Group has been invited to join the Committee of London and Scottish Bankers after the offer for sale.

PERSONAL BANKING SERVICES

The TSB banks offer cheque and deposit accounts to personal customers which are similar to the products offered by the other clearing banks. Personal cheque accounts remaining in credit are free of bank charges. In addition, the TSB banks provide service accounts which are demand deposit accounts with transmission services, a low rate of interest and an individual passbook providing a record of deposits and withdrawals.

The TSB banks offer personal customers a range of other deposit-related services, many of which are directed to specific market segments. These include:

Premium deposit account	— a deposit account for larger sums of money offering higher rates of interest
Term deposit	— a fixed term deposit at a fixed rate of interest
Monthly income bond	— a two year bond paying interest monthly into a nominated account
Moneybuild	— a contractual savings scheme at a variable rate of interest (including life cover for persons under 60)
Moneyplan	— a cheque account with a loan facility and interest on credit balances (also including life cover for persons under 60)
Jeans Scheme	— a passbook deposit account, primarily for 7 to 15 year-olds
Magic Bank	— a passbook deposit account for under 8 year-olds.

The TSB banks' personal lending, which has increased rapidly since its introduction in 1977, is principally in the form of mortgages and personal loans. Mortgage loans may be on either a repayment or an endowment basis, and are normally repayable over 25 years. Personal loans are normally unsecured and for sums from £400 to £7,500 for terms of up to five years, at a fixed rate of interest determined at the commencement of the loan and added to the amount of the loan. Other services include overdrafts, secured loans, bridging facilities in connection with the purchase of property, probate loans and home improvement loans.

DEFINITIONS

"the Company"	TSB Group plc
"the Directors"	the directors of the Company
"the Group"	the Company and its subsidiaries or, as the context may require, their respective predecessors in business
"TSBs"	the Trustee Savings Banks Central Board
"TSB Central Board"	the Trustee Savings Banks Central Board
"CTS"	Central Trustee Savings Bank Limited
"the TSB Foundations"	the four regional foundations referred to in Section 3 of Part III
"TSB England & Wales"	TSB England & Wales plc (incorporating the operations of Trustee Savings Bank England and Wales and CTS) or, as the context may require, the trustee savings banks which preceded it
"TSB Scotland"	TSB Scotland plc or, as the context may require, the trustee savings banks which preceded it
"TSB Northern Ireland"	TSB Northern Ireland plc or, as the context may require, the trustee savings banks which preceded it
"TSB Channel Islands"	TSB Channel Islands Limited or, as the context may require, the trustee savings banks which preceded it
"the TSB banks"	TSB England & Wales, TSB Scotland, TSB Northern Ireland and TSB Channel Islands
"TSB Holdings"	Trustee Savings Banks (Holdings) Limited
"TSB Investment Management"	TSB Investment Management Limited
"TSB Trustcard"	TSB Trustcard Limited
"TSB Trust Company"	TSB Trust Company Limited
"TSB Insurance Brokers"	TSB Insurance Brokers Limited
"TSB Insurance Services"	TSB Insurance Services Limited
"TSB Life"	TSB Life Limited

"TSB Pensions"	TSB Pensions Limited
"TSB Unit Trusts"	TSB Unit Trusts Limited
"UDT Holdings"	UDT Holdings Limited
"UDT"	United Dominions Trust Limited
"UDT Bank"	UDT Bank Limited
"Swan National"	Swan National Limited and its subsidiaries
"Swan National Leasing"	Swan National Leasing Limited
"Swan National Rentals"	Swan National Rentals Limited
"Valkyrie"	Valkyrie Motor Holdings Limited and its subsidiaries
"shares" or "ordinary shares"	ordinary shares of 25p each of the Company
"limited voting shares"	limited voting ordinary shares of 25p each of the Company
"the 1976 Act"	the Trustee Savings Banks Act 1976
"the 1985 Act"	the Trustee Savings Banks Act 1985
"the Custodian Bank"	Lloyds Bank Plc or such other person as may be appointed to act as custodian bank pursuant to the Instalment Agreement
"Free Offer"	the offer to employees of the Group of participation in the TSB Group Staff Share Scheme or, in the case of employees of UDT Bank, in the TSB Group Irish Staff Share Scheme, under the arrangements described in Section 8 of Part XI
"Instalment Agreement"	the agreement summarised in Section 3 of Part XII
"interim certificates"	the interim certificates (including, where the context requires, letters of acceptance or pages 1 and 2 thereof) evidencing rights to and obligations in respect of ordinary shares pending payment in full of the offer for sale price, to be issued pursuant to the Instalment Agreement
"Lazard Brothers"	Lazard Brothers & Co., Limited
"LIBOR"	London inter-bank offered rate

"proceeds of the offer for sale"

the proceeds of the offer for sale, after deducting the estimated expenses of the offer for sale, on the basis that the offer for sale is fully subscribed and that TSB Central Board retains 135,984,586 shares (approximately 9.1 per cent. of the maximum number of ordinary shares offered for sale), being the maximum potential entitlement of investors to receive extra shares under the loyalty bonus arrangements referred to in Section 8 of Part I

LOAN CAPITAL

The outstanding loan capital of the Group at 22nd August, 1986 was as follows:

	£m
8.75 per cent. subordinated capital bonds 1988 (1)	5.4
Floating rate subordinated loan 1991	50.0
Floating rate subordinated loan 1993	30.0

Note:
(1) These bonds are denominated in U.S. dollars and have been translated at a rate of £1 = \$1.49.

It is intended to repay the subordinated loans out of the proceeds of the offer for sale.

FINANCIAL YEAR ENDS

The financial year end of each principal member of the Group is 20th November, except in the case of TSB Trust Company and UDT Holdings and their respective subsidiaries, the year ends of which are either 30th September or 31st October. Financial information given in relation to the Group as at (or for the period to) 20th November in any year incorporates information in relation to TSB Trust Company and UDT Holdings and their respective subsidiaries as at (or for the period to) their respective year ends falling immediately before 20th November in that year (subject to adjustment, where appropriate).

In 1987, the Group's year end will be changed to 31st October, the results for the financial year to 31st October, 1987 therefore being in respect of a period of just over 11 months. The year ends of TSB Trust Company and UDT Holdings and their respective subsidiaries will not be changed.

The TSB banks continue to introduce automation both at the counter and in the back office, in order to provide a more efficient service and to enable staff to devote more time to other activities.

CORPORATE BANKING SERVICES

The TSB banks have also developed a range of services for commercial customers. In addition to the normal current and deposit accounts, more sophisticated products include deposits offering money market related rates; Marketlink, a high interest deposit scheme aimed primarily at the legal and other professions; Managed Account (Business Plus in Scotland), an account paying interest on credit balances with an overdraft facility, designed for the business and professional markets; and Speedsend, an instant money transmission service aimed primarily at solicitors.

The TSB banks are developing commercial lending through loans and overdrafts to professional practices and small and medium-sized companies. Lending to large corporate borrowers commenced in 1981. Initially this was mainly by participation in syndicated loans managed by other banks but, beginning in 1982, corporate lending was marketed more actively by the establishment of direct contacts with quality borrowers at a senior level. At 31st May, 1986 nearly half of the 100 largest listed UK companies had money market lines or loan facilities with the Group. The Group's commercial lending is not confined to the UK. In 1983 the Group assumed lead manager status for the first time in a £500 million loan to the Kingdom of Sweden. In 1984 it funded a £50 million loan (since repaid) to the Kingdom of Denmark. The Group has, however, a very low exposure to international debt.

Expertise in commercial lending is being concentrated at head offices, regional offices and other specially designated branches and offices. Staff with commercial lending experience have been recruited from other banks to supplement the TSB banks' own resources. Counter services, supported by the TSB banks' advanced on-line real-time computer systems, are available to commercial and professional customers at all branches, giving such customers a comprehensive service whilst making the best use of experienced personnel.

The asset finance divisions of the TSB banks in the UK carry out industrial and commercial leasing, financing a wide range of assets such as aircraft, ships and computers. Their leasing business grew rapidly after the Finance Act 1984 enabled the TSB banks, which were not themselves permitted to undertake leasing business, to obtain the benefits of group relief. The phased reduction in corporation tax rates and withdrawal of first year allowances, also following from that Act, led to a short-term increase in the amounts of leasing business being written in the industry as a whole by creating a two year "window" during which leasing continued to attract favourable fiscal treatment. Leasing now relies on its merits as an alternative form of finance.

FOREIGN SERVICES

Foreign services were originally offered to meet the retail foreign banking requirements of personal customers. Foreign exchange activity has increased, partly as a result of the substantial increase in the number of commercial customers, and the Group now has correspondent banks in most parts of the world. The TSB banks offer a full range of foreign banking services to both personal and commercial customers, including documentary credits, bill collection and foreign note facilities, and foreign payments and collections. In addition to a comprehensive foreign exchange service, the Group has issued TSB sterling travellers' cheques within the VISA system since 1980.

PROPERTY SERVICES

In April 1986 TSB Scotland acquired Slater Hogg & Howison, a leading Scottish estate agency with 21 offices, which sold over 5,000 properties in 1985.

3. INSURANCE AND UNIT TRUSTS

The Group's insurance and unit trust business, which began in 1968, is carried on by subsidiaries of TSB Trust Company.

A range of unit trusts, offshore funds and insurance and pension products has been developed. TSB bank customers represent the main source of business but marketing has been expanded in recent years to attract a wider customer base.

TSB Trust Company and its UK subsidiaries are based in Andover, Hampshire. At 31st March, 1986, 1,096 staff were employed at the head office with a further 521 sales staff working throughout the UK and the Channel Islands. The sales staff has more than doubled in size over the last three and a half years.

UNIT TRUSTS

TSB Unit Trusts manages ten general and specialist authorised unit trusts. Total funds invested in these trusts at 31st March, 1986 amounted to approximately £1 billion. At 31st July, 1986 TSB Unit Trusts was the seventh largest unit trust manager in the UK in terms of size of funds, and its General and International unit trusts were respectively the fourth and sixth largest authorised unit trusts in the UK. The most recent unit trust, the European, launched in March 1986, attracted some £17 million in its initial offer period. The Group's unit trust management business is larger than that of all but one of the other clearing banks. TSB Unit Trusts plans to launch further trusts as market opportunities arise.

Although the life insurance fund of TSB Life has for some years been the major unitholder, emphasis is now placed on attracting direct holdings of units through TSB bank branches, advertising, direct mail and, increasingly, through intermediaries and institutional investors. Various facilities have been introduced to encourage unit acquisition such as TSB Unitbuilder, a regular monthly savings scheme for the purchase of units. Skandia Life Insurance Company, Merchant Investors Assurance Company and Royal Heritage Life have recently begun to market policies which can be linked to TSB unit trusts. The success of this marketing policy is reflected in the growth of external sales of units from £0.3 million in 1981 to £27.7 million in 1985.

OFFSHORE FUNDS

TSB Fund Managers (Channel Islands) Limited, which is based in Jersey, manages two quoted gilt funds, two unauthorised unit trusts and a currency fund. At 31st March, 1986 funds under management were £124.2 million of which £108.3 million was held in TSB Gilt Fund Limited.

LIFE INSURANCE

Since commencing business in 1968, TSB Life has grown rapidly, being notably successful in the single and regular premium unit-linked markets. The average volume of sales of these products per salesman is substantially in excess of that produced by any direct competitor.

The regular premium policies (the Flexible Savings Plan and the High Investment Plan) and the single premium policy (the Investment Bond) now offered are linked to units in five TSB internal funds which at 31st March, 1986 had a net asset value of £317.4 million. The funds have a large investment in TSB unit trusts; at 31st March, 1986 the life insurance fund of TSB Life held some 86 per cent. by value of the total units in issue.

Other products include four types of term assurance contract, an immediate annuity contract, with-profits and low-cost endowment policies for mortgage repayment and various life assurances, such as mortgage and personal loan protection, provided with other Group products. TSB Life also offers from time to time a Guaranteed Bonus Bond and a Guaranteed Growth Bond, which are without-profits single premium endowment contracts.

TSB Life's sales of life insurance, particularly unit-linked regular premium business, successfully overcame the removal of life assurance premium relief in March 1984. New premium income on unit-linked business, net of early terminations, increased from £38.7 million in the year to 30th September, 1981 to £102.2 million in the year to 30th September, 1985. In 1985 TSB Life wrote the largest volume of new unit-linked regular premium business of any life office in the UK. At 31st March, 1986 there were over 550,000 TSB Life policies in force or paid up of which some 380,000 were unit-linked regular premium policies.

The Group's customer base provides a large market for TSB Life at which its marketing will continue to be directed, primarily through the sales force operating in conjunction with TSB branches. It also intends to continue to develop its sales to the non-TSB customer market through direct mail and other methods.

PENSIONS

TSB Pensions introduced its first pension plan, the Flexible Pension Plan ("FPP"), in November 1984. FPP is a unit-linked retirement annuity contract designed for those who are not members of a company pension scheme and for the self-employed. A range of term policies has also been introduced in conjunction with FPP. New premium income, net of early terminations, in the period to 30th September, 1985 and in the six months to 31st March, 1986 amounted to £4.8 million and £3.5 million respectively, and the number of policies in force at the latter date exceeded 14,250.

GENERAL INSURANCE

TSB Insurance Services markets a range of general insurance products which complement banking and financial services offered by the Group. The policies are underwritten by insurance companies outside the Group but are designed by TSB Insurance Services and marketed under the TSB name.

The principal products cover personal loan repayments by borrowers from the Group in the event of accident, sickness or unemployment. Other products include home contents and buildings insurance as well as motor and travel insurance.

In the five years to 30th September, 1985 annual premiums on policies marketed by TSB Insurance Services increased from £11.6 million to £42.1 million.

TSB Insurance Services expects the majority of its future business to continue to be generated from products developed in support of the Group's banking and financial services. It also markets through direct mail and media advertising and through the direct sales force.

INSURANCE BROKING

TSB Insurance Brokers offers insurance broking services, primarily to small and medium-sized businesses, and also arranges the greater part of the Group's insurance cover.

4. INVESTMENT MANAGEMENT

The Group's investment management services are provided principally by TSB Investment Management. It manages the investments of the Group's three principal UK pension schemes, all but one of the unit trusts operated by TSB Unit Trusts, four of the five internal funds of TSB Life and the managed pension fund operated by TSB Pensions. Total funds under management at the end of May 1986 amounted to £1,769 million.

TSB Investment Management also acts as investment adviser to the offshore funds managed by TSB Fund Managers (Channel Islands) Limited and to the TSB Channel Islands pension scheme.

TSB Investment Management is now beginning to market externally, particularly in the pensions sector, the considerable expertise built up in handling the Group's own substantial funds.

5. CREDIT CARD OPERATIONS

TSB Trustcard was established in 1978 to provide a TSB personal credit card—Trustcard—as an extension of the TSBs' services to their customers. Trustcard is also being marketed successfully to non-TSB customers. A company card scheme was introduced in 1981.

TSB Trustcard is a member of the worldwide VISA network. Trustcard is therefore accepted in over 240,000 outlets in the UK and some 5 million worldwide. It can be used to pay for goods and services at any retail outlet where the VISA sign is displayed, to obtain cash advances from banks affiliated to VISA, both in the UK and abroad, and as a flexible credit facility. Trustcard also operates as a cheque guarantee card for TSB bank customers.

TSB Trustcard had 2.4 million cards in issue at 21st May, 1986, giving it a 12 per cent. share of the bank-issued credit card market in the UK. It is one of the largest issuers of VISA cards in Europe.

Initially, the day to day servicing of customers' accounts was undertaken outside the Group but TSB Trustcard retained responsibility for marketing, financial control and policy making. In May 1984 the company began to take over account servicing itself and this transfer was successfully completed in March 1986. TSB Trustcard now employs over 900 staff at its locations in Sussex.

In developing its business, TSB Trustcard's strategy has been to build up a large account base and to promote card usage. Cardholder balances increased in the four years to 20th November, 1985 from £95 million to £365 million.

6. FINANCE HOUSE SERVICES

The Group's finance house activities are undertaken through UDT, which was acquired in 1981. UDT, a subsidiary of UDT Holdings, is a licensed deposit taker and funds its activities through its money market operations.

In January 1984 UDT's UK activities were substantially reorganised and are now carried on through three divisions.

The point of sale division concentrates on fixed rate lending to consumers for the purchase of cars, commercial vehicles and caravans, through a network of 55 branches. It has 290,000 customers, largely introduced by motor dealers to some 2,000 of whom it offers support through variable rate mortgage and working capital finance on terms often linked to the consumer business generated. It also, increasingly, enters into finance leases with business users for the purchase of vehicles. At 30th April, 1986 it had outstanding advances of £773 million.

Advances are growing in real terms, although competition in the vehicle credit market has also been growing, as direct loans from banks, finance houses and other lenders become increasingly available.

The personal loans division makes direct loans, which are predominantly at variable rates, on both a secured and unsecured basis. The unsecured loans are marketed through home improvement suppliers and by advertising and direct mail directed towards the professional and executive sector and existing customers. Secured loans, which are principally second mortgages, are promoted by advertising, by direct mail and through brokers. At 30th April, 1986 the division had outstanding advances of £147 million.

Direct consumer lending in the UK is increasing rapidly and UDT is actively developing this area of its business, with increased emphasis on secured lending.

The corporate loans division provides corporate customers with secured variable rate loans for residential property development or purchase of plant and equipment and mortgages on commercial and industrial property. Outstanding loans at 30th April, 1986 were £156 million.

UDT also owns 75 per cent. of UDT Bank, which has its head office in Dublin and nine branch offices in the Republic of Ireland. The remaining shares are owned by Irish Life Assurance plc. UDT Bank's main business is consumer lending. Most of the business is unsecured and at variable rates of interest. At 31st March, 1986 UDT Bank had outstanding loans totalling IR£98 million, some 60 per cent. of which represented business obtained through motor dealers.

7. VEHICLE RENTAL, LEASING AND DISTRIBUTION

The vehicle rental and leasing activities are carried out through Swan National, a subsidiary of UDT Holdings.

Swan National Rentals provides short-term car rental facilities to personal and corporate customers. It has a fleet of over 5,500 cars, rising to over 7,000 during the summer holiday season, and about 550 vans. Swan National Rentals has 97 branches in the UK, of which 45 are located at forecourts from which it also sells petrol. It also uses overseas agents and is a member of InterRent, an association of car hire companies represented in 41 countries throughout the world, which enables the company to offer its customers an international service similar to that offered by its multinational competitors.

Swan National Leasing provides cars to corporate customers on contract hire, a leasing arrangement under which it generally retains responsibility for maintenance and ultimate disposal. It manages over 9,500 vehicles. Contract hire facilities provided to the Group account for about 19 per cent. of Swan National Leasing's fleet.

The car rental and contract hire markets in the UK are highly fragmented, with a number of larger operators, including Swan National, and many smaller local operators. At peak levels in 1985, Swan National's shares of the UK car rental and contract hire markets were approximately 8 per cent. and 4 per cent. respectively. Swan National intends to expand its market share, partly through acquisitions and joint ventures.

The vehicle distribution business of Valkyrie, which is also a subsidiary of UDT Holdings, operates eleven car dealerships, including five Ford, two Mercedes and two General Motors, and five truck dealerships. In the 12 months to 31st March, 1986 it sold over 23,000 vehicles.

8. TECHNOLOGY

There has been co-operation between the TSBs in the introduction of technology since the 1960s and technology strategy has been centrally controlled since 1982. The limited services offered by the TSBs in the early 1960s meant that it was not necessary for them to be in the forefront of computerisation, but they did introduce a number of different systems based on their regional centres.

In the late 1960s a number of the TSBs took the fundamental decision not to develop an overnight processing system such as those then being developed by the other high-street banks, but to opt immediately for on-line real-time systems.

On the formation of TSB England & Wales it was decided to introduce a common on-line real-time system throughout that bank, based on the system then operating at Wythenshawe, Manchester. A new computer centre at Milton Keynes, opened in 1985, provides in tandem with Wythenshawe an integrated system throughout England and Wales which not only allows transactions to be made, but also provides instant up-to-date information about customers' accounts, at any branch. TSB Channel Islands is also linked to this system.

At present TSB Scotland and TSB Northern Ireland have separate on-line real-time computer systems, but TSB Scotland is scheduled to join the common system in 1987.

By the end of 1985, the TSB banks had installed 716 through-the-wall Speedbank automated teller machines ("ATMs"). They plan to install a further 113 by the end of 1986. Those in Scotland and in Northern Ireland provide a 24 hour, 7 day-a-week service with the facility to undertake transactions at any branch within those two banks for immediate processing. It is planned that the 18 hour, 6 day-a-week service in England and Wales and the Channel Islands will be extended to a 7 day-a-week service by the end of the year. By 1987 TSB bank customers and Trustcard holders will be able to draw cash from any TSB bank ATM in the UK. The first reciprocal arrangement allowing TSB customers to use the ATMs of another UK clearing bank to make cash withdrawals will be introduced in October 1986 and a further reciprocal arrangement with two other banks, expected to come into operation in early 1988, will allow customers to make cash withdrawals from over 4,000 through-the-wall ATMs in the UK.

In addition to these services provided through-the-wall, TSB England & Wales is installing customer operated terminals in a number of branches. There are different types of terminal which provide a variety of services including transfer of funds, acceptance of deposits and the issue of up-to-the-minute statements of account, in addition to allowing cash withdrawals and balance enquiries.

The English and Scottish clearing banks, together with their credit card companies, are involved in arrangements to introduce a national system for electronic funds transfer at point of sale ("EFT-POS"). The on-line real-time computer system developed by the Group will be able to handle EFT-POS transactions with only modest modifications, which should give an advantage to the TSB banks. Trustcard and Speedbank cards will be acceptable within the network, providing Group customers with an electronic credit card and debit card point of sale facility.

Other Group companies have made significant investments in technology. TSB Trustcard installed a credit card processing system during 1984 to handle account servicing. This is linked directly to the international VISA network. Group companies have developed a capability in computerised credit scoring and monitoring which is extensively used by the TSB banks, TSB Trustcard and UDT. The loan administration system for UDT's point of sale and personal loans divisions is being redeveloped to provide greater flexibility, and Swan National Rentals is planning to install an on-line system throughout its branch network.

1. DIRECTORS AND SENIOR MANAGEMENT

One of the principal objectives of the current restructuring is to complete a process of organisational change which commenced in 1976. Prior to that date the TSBs co-operated through an association which represented them on matters of common interest. In that year, however, TSB Central Board was created to exercise supervision and control over the TSBs, which were otherwise managed by their own boards of trustees. It also controlled CTBS and the non-banking operating companies within the Group.

A management team was developed to assist TSB Central Board in the management of the Group, to advise it on policy and to co-ordinate business development, finance, strategic planning, personnel and industrial relations, technology and legal and taxation matters throughout the Group. Responsibility for the management of the central functions of the new Group has been assumed by the Group Managing Director.

The Directors exercise ultimate control over the development of the Group's activities and have responsibility for the formulation of Group policy and for providing the organisation and management structure to meet the Group's needs. The Group's main activities are carried out by the principal subsidiary companies, each with its own board comprising a mixture of executive and other directors, who are listed in Section 3 of Part XI. The Group's management philosophy is to allow the operating companies freedom to manage within Group policy guidelines, enabling them to meet customer needs and to compete effectively. This was reflected in assurances given to H.M. Government by TSB Central Board during the passage of the 1985 Act through Parliament, which are referred to in Section 4 of Part XI.

COMPOSITION OF THE BOARD

The board of the Company consists of the Chairman, a Deputy Chairman, five executive directors, including the Group Managing Director, and nineteen other directors, seven appointed for their specialist knowledge and experience and twelve members or former associate members of the Central Board with regional connections.

A policy committee of the board is responsible for advising the board on policies and development of the Group. Members of this committee are indicated by an asterisk in the following paragraphs. An audit committee has also been appointed, members of which are indicated by the symbol "†" in the following paragraphs.

In addition, regional boards have been appointed in England and Wales to maintain the Group's strong local involvement and to advise the Group on developments and opportunities in their regions. The chairman of each regional board is a Director of the Company.

The Directors of the Company are:

Chairman

*Sir John Emms Read, chartered accountant, aged 68, joined the Group as Chairman of TSB Central Board in 1980. He was formerly chief executive and then chairman of EMI Group and is now a director of Thorn EMI, deputy chairman of Thames Television, a governor of the Administrative Staff College, Henley, and a member of the Council of the CBI.

Deputy Chairman

*†Sir Ian James Fraser, banker, aged 63, was formerly financial adviser to TSB Central Board, and was appointed Deputy Chairman of the Company in 1985. He was chairman of Lazard Brothers from 1980 to 1985, and of the Accepting Houses Committee from 1981 to 1985. He is a director of Vickers and of Pearson.

TSB GROUP CONTINUED

Executive Directors

***Philip Charlton**, FIB, aged 56, Group Managing Director, joined the Group in 1947. He became General Manager, Chester, Wrexham and North Wales TSB in 1966 and General Manager, TSB of Wales and Border Counties in 1975, and was appointed Chief Officer of TSB Central Board in 1982. He is a member of the Council of The Institute of Bankers and a member of the Board of Administration of the International Savings Banks Institute.

***David Bruce Thorn**, BSc(Econ), FIB, ACMA, aged 49, Deputy Group Managing Director, joined the Group in 1975, became General Manager, Finance, TSB Central Board in 1978, and was appointed Deputy Chief Officer in 1979. His previous experience included senior appointments in data processing, and with management consultants and stockbrokers. He is currently a council member of the Association for Payment Clearing Services and chairman of its Money Transmission Policy Committee.

Ian Hamish Macdonald, FIB (Scot), aged 59, joined the Group in 1983 as Chief General Manager of TSB Scotland. He was formerly an executive director of The Hongkong and Shanghai Banking Corporation where, following a series of senior executive appointments, he held overall responsibility for the Americas, based in New York. He is a member of the Council of the Industrial Society, the Scottish Council for Development & Industry and the Design Council and a director of Crescent Japan Investment Trust.

Leslie William George Priestley, FIB, aged 52, joined the Group in 1985 as Chief General Manager of TSB England & Wales. He was formerly with Barclays Bank where he held a series of senior executive appointments, most recently regional general manager, Northern Region. From 1979 to 1983 he was secretary-general of the Committee of London Clearing Bankers. He is also a director of the London Electricity Board.

Derek Maurice Stevens, BSc (Econ), MBA, FCA, aged 47, Finance Director, became General Manager, Finance, TSB Central Board, in 1981 following the acquisition of UDT where he was finance director of UDT Industries. Before joining UDT in 1971 he had been with PA Management Consultants, Touche Ross and Shell.

Other Directors

David Miles Backhouse, company director, aged 47, was appointed Chairman of TSB Trust Company in 1985. He was formerly a director and member of the executive committee of Allied Dunbar Life Assurance. He is chairman of Authority Investments and Chartfield Holdings and a director of Witan Investment Company and other companies.

Neville Rogerston Barnes, company director, aged 62, is Chairman of the Group's Tyne Tees Regional Board and a director of TSB England & Wales. He was appointed a trustee of the TSB of Newcastle upon Tyne in 1968 and became Chairman of TSB North East and a member of TSB Central Board in 1980. He is a director of The British Electrical and Manufacturing Company.

Lyndon Bolton, investment manager, aged 49, is Chairman of TSB Investment Management, Deputy Chairman of UDT Holdings and a director of TSB Scotland. He was appointed a trustee of the Dundee TSB in 1969 and became Chairman of TSB Tayside and Central Scotland in 1978 and a member of TSB Central Board in 1979. He is a director and joint manager of Alliance Trust and Second Alliance Trust and a director of General Accident.

The Lord Bruce-Gardyne, financial journalist, aged 56, was appointed a director of CTBS in 1983 and is a director of TSB England & Wales. He was a Member of Parliament and, from 1981 to 1983, was Economic Secretary to the Treasury. He was made a life peer in 1983. He is a director of London and Northern Group.

Michael Chalcraft, company director, aged 51, Chairman of the Group's South East Regional Board, was appointed a trustee of Thames Valley TSB in 1965. He became a trustee of TSB South East in 1976 and a member of TSB Central Board in 1985. He is managing director of WH Brakspear & Sons.

George Bryan Corser, solicitor, aged 61, Chairman of the Group's Wales Regional Board and a director of TSB Trust Company, was appointed a trustee of West Midlands TSB in 1956. He became Chairman of TSB of Wales and Border Counties and a member of TSB Central Board in 1981.

***Richard Tunstall Ellis**, solicitor, aged 68, Chairman of TSB Scotland, was appointed a trustee of Aberdeen Savings Bank in 1959 and Chairman in 1970, and became a member of TSB Central Board in 1976. He was formerly senior partner of Paull and Williamson, Aberdeen. He was a member of the Scottish board of Norwich Union from 1973 to 1980 and the Aberdeen board of Bank of Scotland from 1972 to 1982.

James Dundas Hamilton, former stockbroker, aged 67, Chairman of UDT Holdings, was appointed a director of UDT Holdings in 1983. From 1977 to 1985 he was senior partner of Fielding, Newson-Smith & Co. and is a former deputy chairman of the Council of The Stock Exchange. He is chairman of Wates City of London Properties, deputy chairman of the British Invisible Exports Council and a director of LWT Holdings and a number of other companies.

James Peter Rees Holt, chartered surveyor, aged 56, Chairman of the Group's Yorkshire Regional Board and a director of UDT Holdings, was appointed a trustee of TSB of Yorkshire and Lincoln in 1978 and a member of TSB Central Board in 1985. He is senior partner of Eadon, Lockwood & Riddle.

Geoffrey Leonard Hughes, former engineering company director, aged 64, is Chairman of the Group's Eastern England Regional Board and of the Regional Chairmen's Group. He was appointed a trustee of Cambridge TSB in 1966 and became Chairman of TSB of Eastern England and a member of TSB Central Board in 1979. He is also a member of the board of administration of the EEC Savings Banks Group.

The Earl of Idlesleigh, farmer and landowner, aged 54, is Chairman of the Group's South West Regional Board and a director of UDT Holdings. He was appointed a trustee of Devon and Exeter Savings Bank in 1970 and became Chairman of South West TSB and a member of TSB Central Board in 1980. He is also a director of TSW Television South West.

Reginald Robert Jenne, solicitor, aged 65, Chairman of TSB Channel Islands since 1975 and a director of TSB Trust Company, was appointed a trustee of Jersey Savings Bank in 1955 and a member of TSB Central Board in 1976. He was formerly senior partner of Mourant du Feu & Jenne, and is a consultant to that firm. He is a senator of the States of Jersey and president of their Finance and Economics Committee.

John Hannah Forbes Macpherson, chartered accountant, aged 60, Deputy Chairman of TSB Scotland, was appointed a trustee of TSB Scotland in 1984. He was formerly senior partner of Touche Ross in Scotland and chairman of the Scottish Mutual Assurance Society. He is a director of Brownlee and of Scottish Metropolitan Property.

Alan Denis Martineau, solicitor, aged 66, Chairman of the Group's West Midlands Regional Board, was appointed a trustee of Birmingham Municipal TSB in 1976 and Chairman in 1977. He became a member of TSB Central Board in 1977 and Vice-Chairman of TSB of Birmingham and the Midlands in 1979. He was formerly senior partner of Ryland, Martineau & Co. and is currently Lord Mayor of Birmingham.

***Kenneth Andrews Millchapp**, chartered accountant, aged 62, Chairman of the Group's North West Regional Board and a Deputy Chairman of TSB England & Wales, was appointed a trustee of Manchester and Salford TSB in 1965 and became Chairman of TSB North West and a member of TSB Central Board in 1982. He was formerly a partner of Arthur Young.

Peter Craig Paisley, former retailing company director, aged 56, Chairman of TSB Trustcard, was previously Chairman of West of Scotland TSB. He is chairman of Glasgow Stockholders Trust and a past chairman of the Scottish Retail Drapers Association.

Mrs. Jane Primrose Gifford Prior, company director, aged 55, appointed a director of TSB Trustcard in 1984, is also a director of Tate & Lyle and chairman of the board of governors of St. Felix School for Girls, Southwold, Suffolk.

John Stanley Rainey, engineer and company director, aged 63, Chairman of TSB Northern Ireland and a director of TSB Trustcard, was appointed an honorary manager of Belfast Savings Bank in 1970, a trustee of TSB Northern Ireland in 1976 and a member of TSB Central Board in 1983. He is chairman of John Rainey & Son.

Nigel John Robson, banker, aged 59, Chairman of TSB England & Wales, was appointed a director of CTBS in 1984. He was chairman of Grindlays Bank from 1977 to 1983. He is a member of the Bank of England Board of Banking Supervision, chairman of Alexander Howden & Beck and of The Royal Trust Company of Canada, deputy chairman of Onoman Bank and London adviser to the Bank of Tokyo.

OTHER SENIOR MANAGEMENT

Other members of the senior management of the Group include:

Colin W. Baker, MA, aged 51, General Manager, Technology, joined the Group in 1984 as Controller, Computer and Management Services at UDT Holdings and was appointed General Manager, Technology, TSB Central Board in 1986. He was formerly with Dun & Bradstreet International and Coopers & Lybrand Associates.

Brian M. J. Brown, FIB, aged 49, Managing Director, TSB Trust Company, joined the Group in 1959 and became Marketing Manager, TSB Trust Company in 1967, General Manager in 1971, a director in 1976 and Managing Director in 1983.

Kenneth W. G. Cherrett, FIB, FCIS, aged 43, General Manager, Business Policy, joined the Group in 1959, became General Manager and a director of TSB Trustcard in 1978, and was appointed General Manager, Marketing, TSB Central Board in 1982 and General Manager, Business Policy in 1984.

Moore Harvey, AIB, aged 56, Director and General Manager, TSB Channel Islands, joined the Group in 1947, became Accountant, Jersey Savings Bank in 1967 and Deputy General Manager in 1972. He was appointed General Manager, TSB Channel Islands in 1981.

Noel Jenkins, FAII, aged 56, Director and General Manager, TSB Trustcard, joined the Group in 1945 and became Deputy General Manager of CTBS in 1980. He was appointed General Manager and a director of TSB Trustcard in 1982. He is a director of the Europe, Middle East and Africa regional board of VISA International.

Bryan R. Johnston, BSc (Econ), FIB, aged 48, Director and General Manager, TSB Northern Ireland, joined the Group in 1955, was appointed Assistant General Manager, TSB Northern Ireland in 1974, Deputy General Manager in 1975 and General Manager in 1976.

Ian Marshall, MA, FCA, aged 39, Group Strategic Planner, joined the Group in 1976, became Head of Finance, TSB Central Board in 1978 and was appointed Group Strategic Planner in 1981. He was formerly with Peat, Marwick, Mitchell and Thomas Tilling.

Donald C. McCrickard, aged 49, Managing Director, UDT Holdings, joined the Group in 1983. He was formerly with American Express where he held the positions of Chief Executive UK and Vice President Far East.

Roger D. McSweeney, BA, aged 37, General Manager, Personnel, joined the Group in 1986. He formerly held personnel appointments at GEC, De La Rue, Coles Cranes and Triumph Motors.

Peter W. S. Rowland, MA, aged 45, Group Secretary, joined the Group in 1981 as Secretary, TSB Central Board. He was formerly with UDT where he held the position of Secretary from 1973 to 1983.

Michael J. Sechiari, aged 53, Group Legal Adviser, joined the Group in 1981 and was appointed Group Legal Adviser in 1983. He was formerly with UDT where he held the position of Head of Legal Department from 1965 to 1983.

2. EMPLOYEES

The following table shows the number of employees at 20th November, 1983, 1984 and 1985:

	1983		At 20th November, 1984		1985	
	Full time	Part time	Full time	Part time	Full time	Part time
Banking, including investment management (1)	16,626	3,693	16,729	3,678	18,485	3,929
Insurance and unit trust services	948	—	1,035	18	1,466	21
Credit card operations (2)	34	—	254	61	588	102
Finance house services	1,951	103	1,689	76	1,680	75
Vehicle rental, leasing and distribution	1,839	174	1,982	178	2,022	332
Group head office and management college (3)	218	15	225	22	265	28
	21,616	3,985	21,914	4,033	24,506	4,490

Notes:

(1) In common with other clearing banks, the TSB banks employ a significant number of part-time staff as counter staff and in other clerical posts. The numbers of both full and part-time banking staff increased during 1985 as a result of increased personal business volumes, Saturday opening and additional commercial lending operations.

(2) The 1984 and 1985 increases were principally attributable to the transfer of customer account servicing activities to TSB Trustcard.

(3) The 1984 and 1985 increases principally reflect additional Group technology and management college/training staff.

The Group is committed to employee involvement and uses a variety of methods, appropriate to the organisation concerned, to inform and consult its employees. There are extensive negotiating and consultative arrangements which enable the views of employees to be taken into account in reaching decisions on matters affecting them.

The great majority of staff are covered by collective bargaining machinery and, among the five unions recognised within the Group, The Banking, Insurance and Finance Union ("BIFU") is predominant, representing over 80 per cent. of all staff. Procedural agreements provide for matters which cannot be resolved by negotiation to be referred to binding arbitration.

Union consultation also takes place on technological developments and operational change.

3. TRAINING AND MANAGEMENT DEVELOPMENT

In order that the Group should be appropriately staffed for its new and more demanding activities, there has been a policy of external recruitment at senior levels. In addition, the Group operates an extensive programme of staff training and management development, and a graduate recruitment programme.

The Group's training department is responsible for the development of the training function, and the training departments within subsidiary companies provide a wide range of courses to management and staff, enabling the Group to raise its standards and to extend its services.

The Group has a newly enlarged Group management college at Solihull, which provides development courses for middle and senior management, and has close links with Ashridge Management College and Cranfield School of Management.

New residential training centres are being built for TSB England & Wales at Telford and for TSB Trust Company at Andover.

4. EMPLOYEE BENEFITS AND INCENTIVE SCHEMES

Group companies offer staff remuneration packages comparable to those offered by their major competitors in the market sectors in which they operate. These packages generally include mortgage subsidy schemes.

Profit sharing cash schemes have been in operation since 1981. These will be superseded by new schemes in similar terms for 1986. Under the schemes, eligible employees of those companies which participate in the schemes may receive a cash bonus, related to profit, net assets and staff costs, not exceeding in aggregate 5 per cent. of the combined pre-tax profit of the participating companies. This cash bonus is only paid if a specified minimum return on net assets is achieved. Under a senior management element of the schemes, approximately 170 executives are also eligible, on a discretionary basis, for cash payments on a formula linked to Group profits subject to a maximum of 7.5 per cent. of the aggregate salaries of eligible management.

The Directors intend that, subject to shareholders' approval at the annual general meeting in 1987, the Company will introduce a profit sharing share scheme complying with the provisions of the Finance Act 1978 and a senior executive share option scheme complying with the provisions of the Finance Act 1984. It is proposed that eligible employees will then participate in profit sharing cash schemes only to the extent that they choose not to participate in the profit sharing share scheme, and that the new executive share option scheme will replace the senior management element of the profit sharing cash schemes.

5. PENSION ARRANGEMENTS

The Group has four principal pension schemes, of which the TSB Group Pension Scheme ("the Pension Scheme") is substantially the largest.

Those who were members of the Pension Scheme in May 1983 qualify for index-linked pension increases in line with increases in public sector pensions. Employees joining the Pension Scheme after May 1983 are entitled to pension increases on a discretionary basis, but with a guaranteed increase of 5 per cent. per annum or the increase in public sector pensions, if less.

The TSB Group Senior Executive Pension Scheme provides senior employees with similar but augmented benefits to those provided by the Pension Scheme. Its purpose is to enable the Group to recruit and retain employees of high calibre by providing benefits appropriate to senior executives in the financial services sector.

TSB Channel Islands has a separate pension scheme which is similar to the Pension Scheme. The UDT Group Retirement Benefits Scheme provides pensions for the majority of retired UDT employees but is now open only to the Group's non-financial services employees.

The UDT Group Retirement Benefits Scheme is a contributory scheme for the majority of its members but the other three principal schemes are non-contributory. Of the Group's 9,800 present and deferred pensioners, approximately 77 per cent. have index-linked pensions. 3 per cent. of current pensionable employees will be entitled to an index-linked pension.

Valuations of these pension schemes were made as at dates in 1984 or 1985 by R. Watson & Sons, Consulting Actuaries, which showed that the past service liabilities of the schemes were covered by the accumulated assets. The actuaries advised that rates of contribution averaging 22.5 per cent. of pensionable salaries would be sufficient to finance future accruals of benefit. Account was taken in these valuations of the potential effect of inflation, having regard particularly to the provisions for index-linking of pensions.

R. Watson & Sons made a general assessment of the solvency of the Pension Scheme as at 31st March, 1986, and have confirmed that the financial strength of the scheme had been maintained at that date.

**PART VI
FINANCIAL RECORD****1. BALANCE SHEET**

The Group's consolidated balance sheets at 20th November in each of the years 1981 to 1985 and at 21st May, 1986 are set out in the Accountants' Report contained in Part IX.

Prior to the 1976 Act the TSBs were prohibited from making loans. Customer cheque and service account balances were principally invested with the National Debt Commissioners ("NDC") and a large proportion of other deposits was invested in long-term fixed rate gilts and local authority loans. The proportion of the Group's assets in listed investments, notice and fixed loans and NDC deposits has reduced from 68 per cent. to 39 per cent. over the four and a half years to 21st May, 1986 while that represented by advances to customers has increased from 16 per cent. to 40 per cent. Whilst fixed rate investments are still substantial, most of the long-term holdings have been replaced by shorter-term gilts and other investments more closely matched to the TSB banks' variable rate liabilities. This has reduced the exposure of the Group to rapidly rising interest rates.

Advances have grown at an average annual rate of 36 per cent. over the four and a half years to 21st May, 1986. At that date some 68 per cent. of the Group's total advances of £4,997 million were in the personal sector, of which 33 per cent. comprised conventional first mortgages which are relatively low margin but low risk. The remainder of the Group's personal lending portfolio was a mix of higher margin fixed and variable rate business. The commercial lending and leasing portfolio at 21st May, 1986, the majority of which was at variable rates of interest, amounted to £1,600 million, of which only some £71 million (net of provisions) was lent to overseas sovereign and corporate borrowers. Overseas lending considered by management to carry a greater than normal risk was only some 0.3 per cent. of total assets. In the Directors' opinion the Group has adopted a prudent policy in respect of bad and doubtful debts, and the Directors are satisfied that adequate provision has been made.

Retail deposits have traditionally been the principal source of the TSB banks' funds and at 21st May, 1986 represented 70 per cent. of the Group's total deposits. The higher interest bearing account, the premium deposit account, introduced in 1983 has shown significant growth and at 21st May, 1986 had attracted £1.1 billion of deposits.

In the four and a half years to 21st May, 1986 the TSB banks increased their wholesale and other commercial deposits from £425 million to £2,060 million, reflecting the development of banking relationships with commercial customers and other banks. The Group has not had to rely heavily on wholesale deposits to fund lending activities and these deposits constituted only 30 per cent. of total deposits at 21st May, 1986.

Despite the significant changes which have been made in recent years, the structure of the Group's balance sheet is still different from that of the other clearing banks. In particular, the Group's investment portfolio (both fixed and variable rate) still represents a much higher proportion (39 per cent. at 21st May, 1986) of total assets; and the proportion of lending made at fixed rates (35 per cent. at 21st May, 1986) is also greater. Unlike those of its principal competitors, the Group's fixed rate assets are financed partly by variable rate liabilities. The initial impact of interest rate changes has therefore tended to be the converse of that on other clearing banks: rising interest rates reduced profits whereas falling rates increased them. Following the initial impact, higher interest rates resulted in increased profits and lower interest rates in reduced profits, as fixed rate assets matured and were reinvested. The investment of the proceeds of the offer for sale, predominantly in short to medium-term financial instruments, will reduce the initial effect of interest rate changes, bringing the Group more into line with the other clearing banks.

At 21st May, 1986 the Group's gearing ratio and risk asset ratio, calculated on the basis of the Bank of England's current definitions, were 5.7 per cent. and 11.6 per cent. respectively. Even before receiving the proceeds of the offer for sale these ratios are within the requirements of the Bank of England, although the risk asset ratio, which relates capital to varying levels of risk, has been declining as the amount of lending has increased.

The net assets attributable to the policyholders of the life insurance and pension business funds of TSB Life and TSB Pensions have increased at an average annual rate of 38 per cent. over the four and a half years to 31st March, 1986, at which date they were £1,044 million. The value of the Group's life insurance and pension subsidiaries at 31st March, 1986 has been appraised at £195 million, as set out in the report by Tillinghast, Nelson & Warren Ltd, Consulting Actuaries, dated 12th September, 1986, a copy of which is included in Section 11 of Part XI. This value represents a surplus of £187 million, before taxation, over the book value in the Group's consolidated balance sheet at 21st May, 1986.

2. TRADING RECORD

The Group's consolidated profit and loss accounts for the five and a half years to 21st May, 1986 are set out in the Accountants' Report contained in Part IX. An analysis of the Group's operating profit by activity is set out in the table in Section 1 of Part IV.

Banking profits before investment surpluses fell in 1982 as a substantial increase in staff and other costs, partly due to bringing salary levels into line with other clearing banks, more than offset the benefit to net interest income of favourable movements in interest rates. The strong gilts market in that year enabled the TSB banks to realise surpluses of £52.1 million on sales of gilt-edged and other investments. The further substantial fall in interest rates in 1983, together with the continued growth in advances, contributed to a significant increase in banking profits before investment surpluses in that year. Since then, these profits have continued to grow steadily.

Operating profits from insurance and unit trust services, which include commissions and dividends received by the TSB banks and UDT from TSB Trust Company and its subsidiaries, have grown at an average annual rate of 37 per cent. over the five and a half years to 21st May, 1986. This reflects the successful development of the Group's life insurance and general insurance businesses.

The trend of improving profits from credit card operations reflects the success achieved in expanding card usage and customer indebtedness whilst maintaining prudent lending policies.

Results from finance house services were unsatisfactory in 1981 and 1982, largely due to high interest rates and, in the latter year, increased bad debt provisions. A new management team was appointed in 1984 following which the business was substantially reorganised. The 1984 results were affected by the costs of the reorganisation, which amounted to £3.3 million. Profits from finance house services are now improving.

Profits from vehicle rental, leasing and distribution activities were adversely affected by weaknesses in the used car market in 1981 and 1982 but the contribution has increased significantly since then. The vehicle rental and distribution activities are affected by seasonal trends which generally give rise to lower results in the first half of the financial year.

PART VII INTERIM RESULTS, CURRENT TRADING AND PROFIT FORECAST

The Group's audited profit before taxation for the six months to 21st May, 1986 was £96.0 million. Net interest income benefited from the movements in interest rates during the period and other operating income grew strongly. Costs, particularly staff costs, continued to increase in real terms, reflecting growth in activity levels and continuing heavy investment in staff, systems and facilities.

Since 21st May, 1986 the Group has continued to trade satisfactorily.

On the assumption that there will be no material change in interest rates in the UK in the period to 20th November, 1986 the Directors consider that, in the absence of unforeseen circumstances, the Group's profit before taxation for the year to that date will be £201 million. The forecast profit before taxation comprises the forecast profit before taxation of the existing business of £193 million (including a forecast surplus on disposal of investments of £8 million) and £8 million, being the forecast income from the investment of the first instalment of the proceeds of the offer for sale. Profit after taxation is forecast to be £125 million.

The forecast includes results shown by the audited consolidated accounts for the six months to 21st May, 1986 and unaudited management accounts for the three months to 20th August, 1986.

PART VIII COMPETITION, USE OF PROCEEDS AND DIVIDENDS

1. COMPETITION

The financial services market in the UK is undergoing rapid change and becoming increasingly competitive. Customers are becoming more financially aware, the traditional demarcation lines between banks, building societies and insurance companies are breaking down, new organisations such as retailers are entering the market and new competitively priced products are being introduced.

The Group competes across a broad range of UK retail financial services. Its competitive position in the key areas is summarised below.

SAVINGS AND DEPOSITS

Over the five years to 31st December, 1985, UK personal sector liquid assets grew at an overall rate of 13 per cent. per annum. The growth in liquid assets held with the banking sector during the period was about 8 per cent. per annum, which was substantially lower than that for the building societies and the National Savings movement. As a result the banking sector's share of these assets fell from around 40 per cent. at the beginning of 1981 to an estimated 32 per cent. at the end of 1985.

The growth in the TSB banks' deposits was somewhat below the banking sector average, with their share of liquid assets falling from 5.4 per cent. to some 4.0 per cent. over the same period. This was partly due to the TSB banks' uncompetitive interest rates resulting from the nature of their underlying investments, particularly in the early part of that period, and the higher levels of unemployment amongst the TSB banks' customer base in the early 1980s. The TSB banks are now paying competitive interest rates.

More aggressive marketing by UK banks over the last 18 months has resulted in a reduction in the banking sector's rate of loss of market share. The TSB banks have shared in this improvement, with strong growth in premium deposit accounts and, to a lesser extent, cheque accounts.

The market for commercial deposits is dominated by the other UK clearing banks, but the TSB banks are making some progress. In particular they have begun to penetrate specific market segments, such as the professions and small and medium sized businesses.

LOANS

The bulk of the Group's personal lending is in the mortgage and consumer credit markets. The mortgage market is at present undergoing considerable competitive changes, having traditionally been dominated by the building societies, which still hold over 75 per cent. of loans outstanding. However, over the last five years, the UK commercial banks, including the TSB banks, have entered the market, and, more recently, competition from non-UK banks and other institutions has increased. At the end of 1985 the TSB banks' mortgage lending amounted to £1.5 billion, which represented approximately 1.2 per cent. of total UK house purchase loans outstanding.

The principal competitors in the consumer credit market (excluding loans for house purchase) are other banks, credit card organisations, finance houses and retailers. Building societies are planning to move into unsecured consumer finance but it is likely to take considerable time for them to develop appropriate expertise and systems. At the end of 1985 the Group's personal lending, excluding loans for house purchase, amounted to some £1.7 billion. This represented approximately 0.5 per cent. of total UK consumer credit lending.

Commercial lending and leasing in the UK is dominated by the UK clearing banks. In addition, many foreign banks have developed relationships with UK commercial borrowers. The Group's commercial lending is principally directed at small and medium-sized businesses. The Group has also recently developed its larger scale corporate lending, particularly to UK customers.

Unlike many of its competitors, the Group has minimal exposure to international debt problems.

MONEY TRANSMISSION

The cheque account is still the principal money transmission facility. Over the last three years competition in the cheque account market has been characterised by the move to 'free banking' and the rapid growth, from a lower base, of smaller competitors. In December 1985 the TSB banks had 4.3 million cheque accounts (1980 2.8 million). On the basis of market research, the TSB banks had 13 per cent. of current account holders in England and Wales, 21 per cent. in Scotland and 24 per cent. in Northern Ireland.

Plastic cards will play an increasingly important role in the money transmission field. With the development of point of sale systems, an organisation's competitive position in the plastic card market will become a key factor for success. Competitors, apart from the other clearing banks, will include retailers and, increasingly, building societies.

LIFE INSURANCE AND PENSIONS

The UK life market comprises approximately 120 companies actively writing life insurance business. Over the last five years life insurance and pensions business has absorbed an increasing proportion of the personal sector's financial assets. Estimated annualised new premium income for 1985 was £5.1 billion compared with £1.6 billion in 1980. The two fastest growing areas of business are linked life business and pensions.

TSB Life's principal product is unit-linked insurance and in 1985 it wrote the largest volume of new unit-linked regular premium business of any life office in the UK. The Group has also begun to enter the pensions market. In 1985 TSB Life and TSB Pensions together had approximately 2.3 per cent. of total new life and pensions business. Their successful performance in the life insurance market has primarily been due to selling to the Group's existing customer base.

COMPETITIVE STRENGTHS

The Directors believe that the Group is well placed to build on its present position for the following reasons:

- it has a large customer base mainly drawn from sections of the community in which the Directors expect demand for banking, insurance and investment services to grow rapidly
- it has successfully developed insurance and investment products for marketing alongside banking, finance house and credit card services
- it has already shown the ability to use its extensive network of bank branches and other marketing outlets in selling the Group's investment, insurance and other services
- the high degree of automation of the TSB banks will assist TSB bank staff in devoting more time to personal service
- it is developing both its customer information facilities and a communications network which will give it the technological support to market an extensive range of services across the whole of the Group's customer base
- it will have increased capital resources to develop its existing business and new services.

2. USE OF PROCEEDS

The proceeds of the offer for sale are estimated to be £1,274 million. The injection of additional capital will provide the Group with a very strong balance sheet and will help it to continue to develop as a major financial services organisation in markets in which there are a number of larger competitors.

To date the growth in the Group's reserves has provided the capital base to support the development of its business although in the last two years the capital base has been strengthened by £80 million of subordinated loans. The financial services sector in which the Group operates is rapidly changing and becoming increasingly competitive and to continue to compete effectively it is essential for the Group to develop its product range and services, to modernise and, where appropriate, expand its branch network, and to be amongst the leaders in the introduction of new technology.

The Group's services will continue to be expanded to keep pace with the needs of its existing customers and to attract new customers. While the emphasis will remain on the provision of personal financial services within the UK, the Directors expect to build steadily on the commercial services provided at the head offices, regional offices and other specially designated branches and offices of the TSB banks and through UDT.

Substantial capital resources will also be invested in the retail distribution network. The existing branch banking network will be enhanced by establishing new and better branches, particularly in the south of England where coverage is considered to be insufficient. Across the country, a number of branches are poorly sited or ill equipped for today's requirements or do not reflect the style of service which the Group seeks to provide. These branches will be upgraded or relocated.

While the TSB banks have advanced on-line real-time computer systems, there is still a need for substantial further investment to exploit the full potential of these systems to provide new services to personal and commercial customers. It is intended to increase the availability of automated teller machines and customer operated terminals offering a comprehensive range of services both inside and outside bank branch premises and at other convenient sites. Furthermore, data transmission links between the various operating units will be improved, to enable the Group to provide a wide range of financial services swiftly and cost-effectively. Processing and communication capacities will be augmented to support the continuing growth of transaction volumes in the Group's activities.

Some £300 million of additional capital expenditure is expected to be incurred over the next three years, principally on the retail distribution network and technology development, compared with some £200 million spent during the three years to November 1985.

Capital will also be needed to support balance sheet growth. This is required for bank and finance house lending growth, where it is necessary to maintain a prudent risk asset ratio, and to support growth and the introduction of new products in the life insurance and pension businesses.

In addition to the internal developments outlined above, it is likely that some expansion, in finance and other related services and in geographical coverage, will best be achieved through acquisitions, although no specific material acquisition is currently planned. In due course overseas investment will be considered, particularly in Europe, when the Group has developed the management capabilities necessary for success in overseas markets. The Group's policy towards acquisitions will be cautious. Where there is a choice between internal development and acquisition, the price paid for an acquisition—which may well include a substantial sum for goodwill—will have to be justified in terms of enhanced business and profit growth expectations.

It will take time to deploy the offer for sale proceeds for the purposes identified above. In the meantime part will be used to repay existing subordinated loans, while the majority of the funds will be invested in money market deposits, listed investments (principally UK government and other fixed interest stocks), notice and fixed loans and other instruments.

3. DIVIDENDS

If the proceeds of the offer for sale had been available to the Group in full for the whole of the year to 20th November, 1986 the Directors would have expected to recommend total dividends for the year of 4.26p net per ordinary share, representing a gross yield of 6.0 per cent. on the full offer for sale price. This would have been covered 3.1 times by the pro forma forecast earnings per ordinary share for the year to 20th November, 1986.

The Directors consider, however, that the dividend for the year to 20th November, 1986, and the interim dividend for the following period, should reflect the fact that the second instalment of the offer for sale price will not be paid until September 1987. In the absence of unforeseen circumstances, the Directors expect to pay, in March 1987, a single dividend of 1.065p net per ordinary share for the year to 20th November, 1986.

The interim dividend in respect of the period to 31st October, 1987 will be paid in October 1987 and the final dividend in March 1988. Commencing with the final dividend for that period, dividends will reflect the fact that both instalments of the offer for sale price will have been paid. The Directors expect that, in respect of each financial year of the Company following that period, an interim dividend and a final dividend, of approximately equal amount, will be paid in September and March respectively.

PART IX ACCOUNTANTS' REPORT

The following is a copy of a report by Deloitte Haskins & Sells, Chartered Accountants, the reporting accountants:

**Deloitte
Haskins & Sells**

The Directors,
TSB Group plc
and
Lazard Brothers & Co., Limited

128, Queen Victoria Street,
London EC4P 4JN.

12th September, 1986

Gentlemen,
INTRODUCTION

TSB Group plc ("the Company") was incorporated on 21st October, 1985. On 21st July, 1986, by virtue of the Trustee Savings Banks Act 1985 and of The Trustee Savings Banks Act 1985 (Appointed Day) (No. 3) Order 1986, all the property, liabilities and obligations of TSB Central Board (except for its shares in the Company) and of the TSB banks were vested in the Company and its subsidiaries. The balance sheets of the Company at 20th November, 1985 and 21st May, 1986, are set out in the last section of this report. In our opinion, these balance sheets give a true and fair view of the Company's state of affairs at those dates.

The remaining financial information set out in this report is based on the audited pro forma consolidated accounts ("the pro forma accounts") of TSB Central Board, the TSB banks and TSB Holdings and its subsidiaries ("the Group"), which have for some years been prepared and published in order to present consolidated financial information for the Group, and is after making such adjustments as we consider necessary. The accounts of two subsidiaries, TSB Life and TSB Pensions, have been prepared on the basis applicable to life insurance companies under the Companies Act 1985 or its predecessor legislation.

We have examined the pro forma accounts of the Group for the five years to 20th November, 1985 and the six months to 21st May, 1986. The accounts were audited in accordance with approved Auditing Standards by ourselves for the three years to 20th November, 1985 and by Peat, Marwick, Mitchell & Co. for the two years to 20th November, 1985 and the six months to 21st May, 1986. For each accounting period the accounts of certain group entities were examined by other auditors.

In our opinion the financial information set out in this report, except for the effect thereon of preparing the accounts of TSB Life and TSB Pensions on the basis applicable to life insurance companies referred to above, gives a true and fair view of the profit and source and application of funds of the Group for each of the five years to 20th November, 1985 and the six months to 21st May, 1986 and of its state of affairs as at each balance sheet date within that period. In our opinion, the accounts of TSB Life and TSB Pensions used for consolidation were properly prepared in accordance with the legislation referred to above.

Our work has been carried out in accordance with the Auditing Guidelines: Prospectuses and the Reporting Accountant. No accounts of the Company or of the Group have been prepared in respect of any period subsequent to 21st May, 1986. Except where the context otherwise requires or where otherwise defined herein, terms defined in the listing particulars dated 12th September, 1986 ("the listing particulars") have the same meaning in this report.

ACCOUNTING POLICIES

The significant accounting policies adopted in arriving at the financial information are as follows:

ACCOUNTING CONVENTION

The pro forma accounts have been prepared under the historical cost convention modified by the revaluation of certain assets.

BASIS OF CONSOLIDATION

The pro forma accounts include the accounts of TSB Central Board, the TSB banks and TSB Holdings and its subsidiaries. All significant balances and transactions between the entities are eliminated. The financial year end of each of the entities is 20th November, except for TSB Trust Company and UDT Holdings and their respective subsidiaries, for which the year ends are either 30th September or 31st October.

SECURITIES

Marketable securities held for the short term are included in the balance sheet at market value. Other securities held for the short term are included at the lower of cost and market value.

Listed investments held for the long term which are redeemable at fixed dates are stated in the balance sheet on the basis of cost adjusted to give effect to amortisation on a straight line basis of premiums and discounts on purchase. No provision is made for any shortfall of market value below the book value of investments as they are capable of being held to redemption. Profits and losses on the realisation of these investments are dealt with in the profit and loss account as they arise.

PROVISION FOR BAD AND DOUBTFUL DEBTS

Specific provisions are made for advances, including instalment credit balances, which are recognised to be bad or doubtful. In addition, general provisions are maintained to cover losses that, although not yet specifically identified, are known from experience to be present at the balance sheet date in any portfolio of advances and instalment credit balances. In the case of instalment credit agreements entered into by UDT, general provisions are maintained on advances not in arrears by providing for estimates of bad debt risk which are charged to the profit and loss account over the period in which repayments are due in proportion to the reducing balances outstanding. The aggregate provisions made during the financial period, less amounts released and recoveries of debts previously written off, are charged in the profit and loss account.

INSTALMENT FINANCE AND PERSONAL LOANS

Income from instalment finance business and personal loans is credited to the profit and loss account in proportion to the reducing balance of funds outstanding.

DEPRECIATION

Depreciation on freehold buildings and on leaseholds with more than fifty years unexpired is provided on a straight line basis at 2 per cent. per annum. Other leasehold interests are written off by equal instalments over the unexpired term of the lease. No depreciation is provided on freehold land.

Computers and other equipment are depreciated on a straight line basis over their estimated lives of generally between three and ten years.

ASSETS LEASED TO CUSTOMERS

Income from finance leases is credited to the profit and loss account in proportion to the net funds invested using the investment period method. The net leasing income before taxation includes the benefit of declining rates of corporation tax passed on to lessees. This is offset by including an amount equal to the tax benefit so passed on as part of the deferred taxation charge in the period in which the income is brought into account. Finance leases are included in the balance sheet as part of advances to customers and other accounts at amounts based on the discounted value of future rentals.

Income from operating leases is credited to the profit and loss account on an accruals basis. The leased assets concerned are included in the balance sheet as part of advances to customers and other accounts at net book value.

LIFE INSURANCE AND PENSION BUSINESS FUNDS

Life insurance and pension policyholders' assets are segregated from the shareholders' assets. Actuarial valuations are prepared annually and the directors of TSB Life and TSB Pensions, with the advice of the appointed actuary, determine the proportion of the actuarial surplus to be transferred from each fund to the profit and loss account. The balances of the actuarial surpluses are carried forward in the life insurance and pension business funds.

PENSION SCHEMES

Based on actuarial advice, contributions are made to pension schemes to provide for retirement benefits related to projected final salaries in respect of existing staff, and for post-retirement increases in pensions, and are charged to the profit and loss account as incurred. The actuaries undertake full valuations at least every three years with interim reviews in the intervening years.

DEFERRED TAXATION

Deferred taxation is provided on all material timing differences where there is a reasonable probability that taxation will become payable in the foreseeable future. The rates of taxation used are those which are expected to apply in the year in which the timing differences are anticipated to reverse.

GOODWILL

Goodwill arising on acquisitions, being the excess of cost over the fair value of the net assets acquired, is charged against reserves in the year of acquisition.

TSB GROUP plc CONTINUED

CONSOLIDATED PROFIT AND LOSS ACCOUNTS

Notes	Years to 20th November,				Six months to 21st May,	
	1981	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m	£m
Interest income	1	821.9	950.2	957.8	1,025.5	1,253.0
Interest expense	2	479.3	555.8	491.6	521.8	692.3
Net interest income		342.6	394.4	466.2	503.7	560.7
Other operating income	3	32.8	52.4	70.5	92.8	119.3
Total income		375.4	446.8	536.7	596.5	680.0
Operating expenses						
Staff costs	4	167.9	200.2	212.4	234.6	264.9
Provisions for bad and doubtful debts	13	12.0	36.9	38.1	43.6	49.0
Other costs	5	111.9	152.1	158.9	177.2	206.5
Total expenses		291.8	369.2	409.4	455.4	520.4
Operating profit before surplus on disposal of investments		83.6	77.6	127.3	141.1	159.6
Surplus on disposal of investments		1.7	52.1	22.9	12.7	9.7
Operating profit		85.3	129.7	150.2	153.8	169.3
Exceptional charges	6	—	52.3	50.8	10.0	—
Profit before taxation		85.3	77.4	99.4	143.8	169.3
Taxation	7	36.1	22.6	58.6	56.6	59.8
Profit after taxation		49.2	54.8	40.8	87.2	109.5
Extraordinary charges	8	7.1	—	24.0	—	—
Profit transferred to reserves	18	42.1	54.8	36.8	87.2	109.5

Earnings per share are not shown as neither TSB Central Board nor the TSB banks had share capital during the above periods.

CONSOLIDATED BALANCE SHEETS

Notes	20th November,				21st May,	
	1981	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m	£m
Assets						
Cash and short term funds	9	323	231	139	425	771
Cheques in the course of collection		39	53	85	110	121
Marketable securities held for the short term	10	445	401	833	747	1,152
		807	685	1,055	1,280	1,915
Notice and fixed loans	11	1,911	2,382	2,164	2,420	2,890
Lined investments	12	2,394	2,092	2,009	1,961	1,700
Deposits with National Debt Commissioners ("NDC")		1,066	880	666	450	227
Advances to customers and other accounts	13	1,510	2,126	3,002	3,769	5,093
Interest in companies held for sale		72	1	—	—	—
		7,760	8,166	8,896	9,874	11,179
Premises and equipment	14	124	161	241	274	319
		7,884	8,327	9,137	10,148	11,498
Net assets of the life insurance and pension business funds	19	243	345	476	654	788
		8,127	8,672	9,613	10,802	12,286
Liabilities and reserves						
Current and deposit accounts	15	7,346	7,574	8,278	9,070	10,762
Creditors and accrued expenses		84	151	173	251	246
Deferred taxation	16	56	40	51	98	118
Long term loans	17	12	12	11	57	85
		7,398	7,777	8,513	9,456	10,677
Reserves	18	486	550	624	712	821
		7,884	8,327	9,137	10,148	11,498
Life insurance and pension business funds	19	243	345	476	654	788
		8,127	8,672	9,613	10,802	12,286

CONSOLIDATED STATEMENTS OF SOURCE AND APPLICATION OF FUNDS

Notes	Years to 20th November,				Six months to 21st May,	
	1981	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m	£m
Source of funds						
Operating profit		85.3	129.7	150.2	153.8	169.3
Depreciation		10.5	16.7	21.4	27.5	33.6
Exceptional charges		—	(52.3)	(50.8)	(10.0)	—
		95.8	94.1	120.8	171.3	202.9
Funds from other sources:						
Net movement in long term loans		—	—	(0.7)	46.0	(1.8)
Disposal of companies held for sale	20	2.2	81.1	1.2	—	—
Disposal of fixed assets		1.8	3.8	2.9	4.3	17.5
Taxation recovered		—	—	—	—	33.9
		99.8	179.0	124.2	221.6	182.5
Application of funds						
Acquisitions of companies	20	109.2	—	—	—	9.1
Additions to fixed assets		32.6	51.1	53.7	64.6	48.9
Taxation paid		25.0	18.8	46.2	49.7	15.9
Special tax on banking deposits		6.1	1.0	—	—	—
		172.9	70.9	99.9	114.3	58.0
Net movement		(73.1)	108.1	24.3	107.3	124.5
Represented by increases (decreases) in:						
Advances to customers and other accounts		366.8	638.4	887.2	760.6	1,234.4
Other banking assets		232.5	(139.0)	(144.9)	218.3	64.7
Interest in companies held for sale		11.3	—	—	—	—
		610.4	499.4	742.3	978.9	1,299.1
Less:						
Current and deposit accounts and other liabilities		683.5	391.3	718.0	871.6	1,182.9
		(73.1)	108.1	24.3	107.3	124.5

NOTES

1. INTEREST INCOME

	1981	1982	1983	1984	1985	1986
Deposits with NDC	80.3	68.4	56.4	55.2	32.2	7.8
Lined investments	282.4	276.8	236.1	239.7	228.8	87.0
Advances to customers	174.6	263.6	328.4	429.1	610.9	399.3
Other interest	204.6	341.4	336.9	301.5	381.1	254.1
	821.9	950.2	957.8	1,025.5	1,253.0	708.2

2. INTEREST EXPENSE

	1981	1982	1983	1984	1985	1986
Customers' deposits	50.0	45.5	48.6	48.6	30.9	13.7
Service accounts	367.0	404.9	325.7	317.5	430.7	206.7
Other retail deposits	60.1	103.9	114.6	149.9	223.9	175.7
Wholesale and other commercial deposits	477.1	554.3	488.9	516.0	685.5	396.1
Long term loans	2.2	1.5	2.7	5.8	6.8	3.4
	479.3	555.8	491.6	521.8	692.3	399.5

3. OTHER OPERATING INCOME

	1981	1982	1983	1984	1985	1986
Money transmission charges	13.4	20.9	25.5	28.9	39.7	29.1
Insurance and unit trust income	8.9	13.2	20.9	29.8	36.5	23.9
Commissions arising from credit card activity	4.1	6.6	9.6	12.3	15.8	9.2
Vehicle rental, leasing and distribution operating profit	1.1	1.9	5.1	4.8	7.4	3.1
Other	5.3	9.8	11.4	17.0	19.9	15.5
	32.8	52.4	70.5	92.8	119.3	78.8

4. STAFF COSTS

	1981	1982	1983	1984	1985	1986
Salaries	135.5	159.8	167.2	187.7	213.0	126.2
TSB Central Board members' remuneration	0.4	0.5	0.4	0.4	0.5	0.3
Normal contributions to pension schemes	28.5	32.0	34.6	36.3	35.4	19.1
Staff profit sharing scheme	—	3.2	4.1	4.0	4.3	2.6
Other employee costs	3.5	4.7	6.1	6.2	11.7	6.9
	167.9	200.2	212.4	234.6	264.9	155.1

The TSB Central Board members' remuneration has been disclosed as being the nearest equivalent to directors' remuneration. Information about the current remuneration of the directors of the Company is contained in Section 7 of Part XI of the listing particulars.

5. OTHER COSTS

	1981	1982	1983	1984	1985	1986
Other costs include:						
Depreciation of premises and equipment	10.5	16.7	21.4	27.5	33.6	20.5
Andorra's remuneration	1.0	1.2	1.2	0.6	0.7	0.3

6. EXCEPTIONAL CHARGES

	1981	1982	1983	1984	1985	1986
Special contributions to pension schemes	—	52.3	50.8	—	—	—
Setting up of in-house customer account servicing in TSB Trustcard	—	—	—	10.0	—	—
	—	52.3	50.8	10.0	—	—

Special contributions were made to the Group's pension schemes following actuarial valuations in 1982 and the subsequent harmonisation of certain of these schemes into the TSB Group Pension Scheme in 1983.

7. TAXATION

	1981	1982	1983	1984	1985	1986
United Kingdom						
Corporation tax	24.6	40.4	48.2	34.2	14.4	27.7
Deferred taxation	11.0	(19.8)	(13.3)	15.8	39.7	5.9
Tax on life insurance fund releases	—	—	—	3.6	4.7	2.4
Tax credit on franked investment income	0.1	0.2	2.0	—	—	—
	35.7	20.6	36.9	53.6	58.8	36.0
Overseas taxes	0.4	1.8	1.7	3.0	1.0	—
	36.1	22.6	38.6	56.6	59.8	36.0

	1981	1982	1983	1984	1985	1986
Reconciliation of tax charge:						
Standard rate of tax	52	52	51	47	42	37
Capital allowances for which no deferred taxation provided	(2)	(11)	(9)	—	—	—
NDC deposit income, net of attributable expenses, which is not liable to taxation	(11)	(10)	(8)	(5)	(3)	—
Other items	3	(2)	5	(3)	(4)	1
Effective rate of tax	42	29	39	39	35	38

8. EXTRAORDINARY CHARGES

	1981	1982	1983	1984	1985	1986
Special tax on banking deposits	7.1	—	—	—	—	—
Provision for additional deferred taxation as a result of the Finance Act 1984	—	—	24.0	—	—	—
	7.1	—	24.0	—	—	—

9. CASH AND SHORT TERM FUNDS

	1981	1982	1983	1984	1985	1986
Cash in hand and with bankers	116	121	111	111	105	127
Money at call and overnight placements	106	19	9	150	223	280
Notice and fixed loans due within seven days	101	91	19	162	443	233
	323	231	139	423	771	640

10. MARKETABLE SECURITIES HELD FOR THE SHORT TERM

	1981	1982	1983	1984	1985	1986
Treasury bills	90	120	114	54	136	184
Certificates of deposit	307	212	595	387	650	566
Other bills	128	51	98	296	269	265
British Government stocks	12	10	16	—	95	136
Overseas Government stocks	8	8	10	10	2	3
	445	401	833	747	1,152	1,154

11. NOTICE AND FIXED LOANS

	1981	1982	1983	1984	1985	1986
Consisting of secured and unsecured loans, with a maturity beyond seven days, to UK local authorities and public corporations, discount houses, recognised banks and licensed deposit taking institutions and including loans which mature beyond one year of	737	769	622	411	390	372

	1981	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m	£m

12. LISTED INVESTMENTS

	1981	1982	1983	1984	1985	1986
Book value						
Securities of, or guaranteed by, the British Government	2,106	1,897	1,875	1,913	1,672	1,781
Other investments listed in the UK	211	190	132	48	28	13
Investments listed elsewhere	17	5	2	—	—	—
	2,334	2,092	2,009	1,961	1,700	1,794
Market valuation	2,211	2,157	2,019	1,974	1,693	1,848
Redemption value	2,440	2,087	1,994	1,955	1,698	1,769
Book value of listed investments maturing in less than one year	492	578	266	274	289	397

All investments are redeemable at fixed dates and market valuation is at mid-market prices.

13. ADVANCES TO CUSTOMERS AND OTHER ACCOUNTS

TSB banks						
Mortgages	273	507	912	1,078	1,513	1,632
Personal lending	209	348	466	586	764	803
Commercial lending	34	170	323	540	760	676
Finance house services	534	636	749	869	978	1,042
TSB Trustcard lending	95	153	224	290	364	396
Net investment in leased assets	73	86	101	148	389	448
Total advances	1,278	1,900	2,775	3,501	4,769	4,997
Less: provisions for bad and doubtful debts	41	61	77	95	118	130
	1,237	1,839	2,698	3,406	4,651	4,867
Other amounts receivable	245	260	277	328	326	305
Stock, work in progress and land held for development (at the lower of cost and net realisable value)	28	27	27	29	16	19

19. LIFE INSURANCE AND PENSION BUSINESS FUNDS

The financial year end of TSB Life and TSB Pensions, and of their long-term business funds, is 30th September.

	30th September, 1985				31st March, 1986	
	1981	1982	1983	1984	1985	1986
	£m	£m	£m	£m	£m	£m
The net assets of the funds were as follows:						
Property at valuation	2	1	2	13	27	30
Equity shares at market value	—	—	—	—	2	6
Accumulation units at bid price						
In authorised unit trusts	177	252	378	489	599	839
In unauthorised unit trusts	1	1	2	3	4	6
Fixed interest securities at market value						
Debtors	8	24	50	82	126	144
Term deposits	48	41	26	58	38	23
Cash at bank and on deposit	10	23	28	19	1	1
	251	351	489	672	807	1,062
	(8)	(6)	(13)	(18)	(19)	(18)
	243	345	476	654	788	1,044

Actuarial valuations of the assets and liabilities of the life insurance fund revealed:

	Years to 30th September, 1985				
	1981	1982	1983	1984	1985
	£m	£m	£m	£m	£m
Accumulated surpluses brought forward	—	2.8	2.9	5.6	3.1
Underlying surplus in year	3.9	6.8	6.3	14.5	18.6
Amount set aside for solvency margin and closed fund expense reserves	(1.1)	(6.8)	(3.6)	(5.4)	(4.4)
Amount released to profit and loss account	—	—	—	(11.6)	(15.6)
Accumulated surpluses carried forward	2.8	2.9	5.6	3.1	1.7

The underlying surpluses in 1984 and 1985 reflect the fact that, from 1st October, 1983, the fund did not pay introduction commissions to the TSB banks. If commissions had been paid on the same basis as in the three years to 30th September, 1983, the commissions paid to the TSB banks for 1984 and 1985 would have been £7.6 million and £9.6 million respectively.

The actuarial valuation of the pension business fund at 30th September, 1985 showed that the transfers from the profit and loss account to the fund amounting in total to £3.8 million (1984 nil), of which £1.7 million had been set aside for solvency margin and closed fund expense reserves, were adequate to provide for the liabilities of the fund at that date.

No actuarial valuations of the life insurance and pension business funds have been carried out subsequent to 30th September, 1985. Included in other operating income in the pro forma accounts for the six months to 31st May, 1986 is an amount of £4.1 million which the Directors, with the advice of the appointed actuary, believe it is appropriate to recognise, based on the net transfer of surplus which is currently projected to be made from the life insurance and pension business funds for the year to 30th September, 1986.

An appraisal of the value of TSB Life and TSB Pensions at 31st March, 1986 by Tillinghast, Nelson & Warren Ltd, which is set out in Section 11 of Part XI of the listing particulars, shows an aggregate valuation of £195 million compared with the net assets of those subsidiaries of £68 million at that date.

20. ACQUISITIONS OF COMPANIES

	Year to 20th November, 1981		Six months to 21st May, 1986	
	£m	£m	£m	£m
Net assets acquired:				
Fixed assets	30.6	1.5		
Goodwill	4.7	7.6		
Assets on hire or lease	56.3	—		
Interest in companies held for sale	63.5	—		
Advances to customers and other accounts	499.4	—		
Other assets	93.8	2.1		
	748.3	11.2		
Current and deposit accounts and other liabilities	(699.1)	(2.1)		
Purchase consideration	109.2	9.1		

The amounts shown in respect of companies held for sale relate to certain subsidiaries of UDT that were identified for divestment at the date of acquisition of UDT in 1981.

21. CAPITAL COMMITMENTS

Capital expenditure not provided for at 21st May, 1986 comprised £3.9 million contracted and £41 million authorised but not contracted.

22. CONTINGENT LIABILITIES

Contingent liabilities at 21st May, 1986 comprised acceptances of £145 million and guarantees and other obligations of £33 million. In addition there were outstanding contracts for the sale and purchase of foreign currencies.

BALANCE SHEETS OF THE COMPANY

	20th November, 1985		21st May, 1986	
	Notes	£	£	£
ASSETS				
Investment in subsidiary		50,000	50,000	
CAPITAL				
Called up share capital	1	50,000	50,000	
NOTES				
1. CALL UP SHARE CAPITAL				
	20th November, 1985	Issued and fully paid	21st May, 1986	Issued and fully paid
Ordinary shares of 25p each	95,000	50,000	95,000	50,000
Limited voting ordinary shares of 25p each	5,000	—	5,000	—
	100,000	50,000	100,000	50,000

23. DIVIDENDS

The Company has not paid any dividends.

24. POST-BALANCE SHEET EVENTS

On 11th September, 1986, conditionally upon the underwriting agreement referred to in Section 15 of Part XI of the listing particulars becoming unconditional:

- The authorised share capital of the Company was increased from £100,000 to £525,000,000 by the creation of 2,020,672,632 ordinary shares and 78,927,368 limited voting shares.
- There were allotted, credited as fully paid, by way of capitalisation of reserves of the Company arising on vesting and created by the revaluation of investments in subsidiaries, 1,054,169,550 ordinary shares in TSB Central Board and, at the direction of TSB Central Board, 55,482,608 limited voting shares to the TSB Foundations.
- It was resolved that there should be allotted, credited as fully paid, by way of capitalisation of reserves of the Company, up to a further 445,630,450 ordinary shares to TSB Central Board and up to a further 23,464,760 limited voting shares to the TSB Foundations.

Yours faithfully,

DELOITTE HASKINS & SELLS
Chartered Accountants

PART X
LETTERS REGARDING PROFIT FORECAST

The following are copies of letters relating to the profit forecast of the Group for the year to 20th November, 1986:

128, Queen Victoria Street,
London EC4P 4JN.
12th September, 1986

The Directors,
TSB Group plc

Gentlemen,

The profit forecast of TSB Group plc and its subsidiaries ("the Group"), for which the Directors are solely responsible, set out in Part VII of the listing particulars dated 12th September, 1986 includes results shown by the audited pro forma consolidated accounts for the six months to 21st May, 1986 and the unaudited management accounts for the three months to 20th August, 1986.

We have reviewed the accounting policies and calculations used in preparing the profit forecast. In our opinion the profit forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumption made by the Directors as set out in the listing particulars and is presented on a basis consistent with the accounting policies normally adopted by the Group, which are set out in the Accountants' Report in Part IX of the listing particulars.

Yours faithfully,
DELOITTE HASKINS & SELLS
Chartered Accountants

The Directors,
TSB Group plc

Dear Sirs,

We refer to the profit forecast for the year to 20th November, 1986 which is set out in Part VII of the listing particulars dated 12th September, 1986. We have discussed this forecast and the assumption on which it is made with you and officials of the Company and we have considered the letter dated 12th September, 1986 addressed to yourselves by Deloitte Haskins & Sells regarding the accounting policies and calculations used in preparing the forecast.

As a result of these discussions and in the light of the letter from Deloitte Haskins & Sells, we consider that the forecast (for which you as Directors are solely responsible) has been made after due and careful enquiry.

Yours faithfully,
For Lazard Brothers & Co., Limited
J. R. S. Bryant
Director

1. SHARE CAPITAL

(a) The Company was incorporated in Scotland under the Companies Act 1985 on 21st October, 1985 (registered number 95000) as a public limited company with an authorised share capital of £100,000, divided into 380,000 ordinary shares of 25p each, of which 200,000 were subscribed for cash at par by, or on behalf of, TSB Central Board, and 20,000 limited voting shares of 25p each.

(b) On 11th September, 1986, conditionally upon the underwriting agreement referred to in Section 15 below becoming unconditional:

(i) the authorised share capital of the Company was increased from £100,000 to £525,000,000 by the creation of 2,020,672,632 ordinary shares and 78,927,368 limited voting shares;

(ii) the authority of the Directors to allot securities of the Company, for the purposes of Section 80 of the Companies Act 1985, contained in the articles of association of the Company, was varied by increasing the maximum amount of securities which the Directors were then authorised to allot up to the amount of the unissued authorised share capital following the increase in capital, such authority to expire at the conclusion of the next annual general meeting of the Company unless previously revoked, varied or renewed;

(iii) there were allotted, credited as fully paid, by way of capitalisation of reserves of the Company, 1,054,169,550 ordinary shares to TSB Central Board, being the number of shares to be underwritten pursuant to the underwriting agreement and to be retained for the Free Offer, and, at the direction of TSB Central Board, 55,482,608 limited voting shares to the TSB Foundations in the proportions referred to in Section 14 below; and

(iv) it was resolved that there should be allotted, credited as fully paid, by way of capitalisation of reserves of the Company, up to a further 445,630,450 ordinary shares to TSB Central Board, being, together with the existing issued and allotted ordinary shares, the number of further shares determined by the Directors to be required to satisfy the terms of the offer for sale (including shares to be retained under the loyalty bonus arrangements), and up to a further 23,464,760 limited voting shares to the TSB Foundations in proportion to their holdings of limited voting shares, the resulting number of issued limited voting shares to represent 5 per cent. of the issued share capital of the Company following the offer for sale.

It is intended, if necessary by cancellation of unissued ordinary shares and unissued limited voting shares, that following the offer for sale the authorised unissued share capital of the Company will comprise only ordinary shares representing not more than 25 per cent. of the authorised share capital. The Directors' authority for the purposes of Section 80 of the Companies Act 1985 will, if necessary, be varied to provide that the maximum amount of securities which the Directors are then authorised to allot should be an amount equal to the ordinary shares remaining unissued.

(c) Under the Company's articles of association, Section 89(1) of the Companies Act 1985 (which confers on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash) has been disapplied. The disapplication will cease to have effect unless renewed by special resolution at the next annual general meeting of the Company and in any event cease to have effect when the authority for the allotment of securities for the purposes of Section 80 of the Companies Act 1985 referred to above is revoked or would expire if not renewed, but, if such authority is renewed, the disapplication may also be renewed by special resolution for a period not exceeding that for which the authority is renewed. Except for allotments made under an employees' share scheme, while the disapplication is in force, the Directors may allot equity securities for cash only with the authority of a special resolution or pursuant to a rights issue or if the equity securities to be allotted, together with any other equity securities allotted during the same year (other than those allotted under an employees' share scheme or rights issue), do not in aggregate exceed 5 per cent. in nominal value of the aggregate of the amount of the ordinary share capital which the Directors have authority to allot pursuant to Section 80 of the Companies Act 1985 and the issued ordinary share capital (other than the limited voting shares). For this purpose, the allotment of securities as fully paid up pursuant to a capitalisation of reserves does not constitute an allotment for cash.

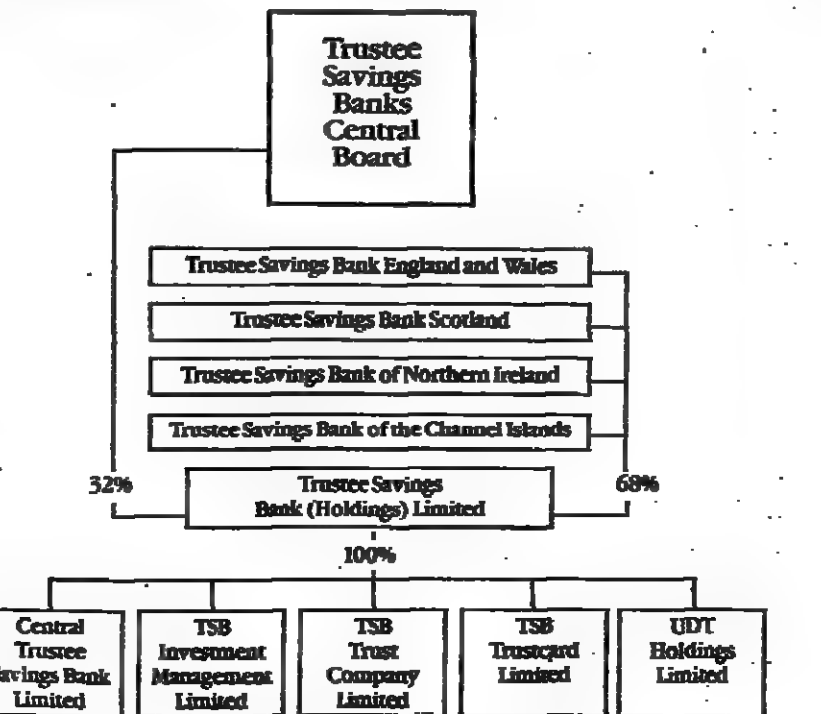
(d) Save as disclosed above or in Section 4 below, no share capital of the Company or of any of its subsidiaries has, within the three years before the date of this document (or since the date of incorporation if later), been issued or agreed to be issued or is now proposed to be issued (in any such case other than by way of intra-group issues by wholly-owned subsidiaries) fully or partly paid, either for cash or for a consideration other than cash.

(e) No share capital of the Company or of any of its subsidiaries is under option or agreed conditionally or unconditionally to be put under option.

(f) Save as referred to above, no capitalisation issue or rights issue will be made before 25th November, 1987 and no other material issue of shares of the Company (other than to shareholders pro rata to their existing holdings) will be made within one year after the date of this document without the prior approval of shareholders of the Company in general meeting.

2. VESTING OF ASSETS IN THE GROUP UNDER THE 1985 ACT

The relationship between the principal bodies in the Group prior to vesting is shown in the diagram below:



On 21st July, 1986, by virtue of the 1985 Act and of The Trustee Savings Banks Act 1985 (Appointed Day) (No.3) Order 1986, there were vested:

- first, in the Company:
 - all the property, rights, liabilities and obligations of TSB Central Board, except for its shares in the Company;
 - all the shares held by the TSB banks in TSB Holdings, for a total consideration of £301 million;
 - all the property, rights, liabilities and obligations of TSB Holdings; and then

- in CTSB, which changed its name on 21st July, 1986 to TSB England & Wales plc, all the property, rights, liabilities and obligations of Trustee Savings Bank England and Wales; and
- in TSB Scotland plc, TSB Northern Ireland plc and TSB Channel Islands Limited, all the property, rights, liabilities and obligations of Trustee Savings Bank Scotland, all the property, rights, liabilities and obligations of Trustee Savings Bank of Northern Ireland and the Trustee Savings Bank of the Channel Islands respectively.

The resulting shareholding relationship of the principal companies comprised in the Group is shown in the diagram in Section 2 of Part XII.

The 1985 Act provides that the transfers and vesting of assets described above do not themselves give rise to any tax liability.

It is expected that TSB Central Board will be dissolved following the transfer of extra shares under the loyalty bonus arrangements described in Section 2 of Part XII.

3. SUBSIDIARY COMPANIES

Details of the Company's principal subsidiaries are as follows:

Name and country of incorporation (except where incorporated in England and Wales)	Activity	Share capital (issued and fully paid)
TSB England & Wales plc	Banking	£300,000,001
TSB Scotland plc (Scotland)	Banking	£75,000,001
TSB Northern Ireland plc (Northern Ireland)	Banking	£20,000,001
TSB Channel Islands Limited (Jersey)	Banking	£7,500,000
TSB Investment Management Limited	Investment management	£150,000
TSB Trust Company Limited	Intermediate holding company	£6,558,100
TSB Insurance Brokers Limited	Insurance broking	£1,000
TSB Insurance Services Limited	General insurance business	£1,000
TSB Life Limited	Life insurance business	£6,558,000
TSB Pensions Limited	Pensions business	£10,000,100
TSB Unit Trusts Limited	Unit trust management	£50,000
TSB Fund Managers (Channel Islands) Limited (Jersey)	Offshore fund management	£25,000
TSB Trustcard Limited	Credit card operations	£100
UDT Holdings Limited	Intermediate holding company	£100
United Dominions Trust Limited	Finance house	£60,000,000
UDT Bank Limited (Republic of Ireland)	Finance house	IR£6,000,000
Swan National Rentals Limited	Short-term vehicle rental	£1,000
Swan National Leasing Limited	Vehicle contract hire	£10,000
Valkyrie Motor Holdings Limited	Intermediate holding company for vehicle distribution companies	£796,292

Each of the above companies is a wholly-owned subsidiary with the exception of UDT Bank, 75 per cent. of the issued share capital of which is owned by UDT.

The directors of the Company's principal subsidiaries are as follows:

TSB England & Wales	TSB Scotland	TSB Northern Ireland	TSB Channel Islands
N J Robson Chairman	R T Ellis OBE Chairman	J S Rainey Chairman	R R Jeune OBE Chairman
G D Burnett OBE Deputy Chairman	J H F Macpherson OBE Deputy Chairman	W M Cannon Deputy Chairman	D G Cressy Deputy Chairman
K A Mulholland Deputy Chairman	H H Macdonald OBE Chief General Manager	B H Johnson General Manager	M Harvey General Manager
L W G Priestley Chief General Manager	L Bolton Chairman	P Chudm Chairman	P G Blampied Chairman
N R Barlow Chairman	J W Craddock Chairman	H F Cushman Chairman	P Chudm Chairman
A K Boyd Chairman	E Cunningham Chairman	J N D Pwercel Chairman	D Gibson Chairman
The Lord Bruce-Gardyne Chairman	A B Davidson Chairman	R W Green Chairman	P A Harwood Chairman
P Chudm Chairman	A C Dempster Chairman	E I Johnston Chairman	D E Le Boulle Chairman
D B Cooper Chairman	A D Foulis Chairman	T Q King Chairman	R A Pict Chairman
L W Corp Chairman	M H Hook Chairman	E W McDowell OBE Chairman	B A de Puy Chairman
G E K Foster Chairman	D A McLean Chairman	A M Russell OBE Chairman	H Taylor Chairman
K G Mills Chairman	R T S Macpherson OBE Chairman	R G Toland Chairman	G McD Thain Chairman
Sir John Read Chairman	TD Chairman	J E Wilson OBE Chairman	
W T Robinson Chairman	J A A Speirs Chairman	Sir Jack Stewart-Clark Chairman	
	E Wilson Chairman		

*Executive directors

4. ASSURANCES TO H.M. GOVERNMENT IN RELATION TO THE TSB BANKS

Certain assurances as to the maintenance of the separate identity and independent management of the TSB banks were given during the passage of the 1985 Act through Parliament. These were set out in a letter dated 16th May, 1985 from Sir John Read, Chairman of TSB Central Board, to the Chancellor of the Exchequer. The arrangements made in fulfilment of those assurances are described below.

The letter recorded the view of TSB Central Board and the trustees of TSB Scotland that TSB Scotland should continue to function as an independently-managed Scottish bank within the Group. The Company has confirmed to TSB England & Wales, TSB Northern Ireland and TSB Channel Islands, as well as to TSB Scotland, that each of those banks will continue to function as an independently-managed bank within the Group, based in the territory in which it is incorporated.

The Company has also confirmed to each of the four TSB banks the undertaking contained in the letter that the head office of each of those banks would remain in the territory in which the bank is incorporated.

In accordance with the assurances, the articles of association of the Company provide that the Directors will, within two months after any person takes office as chairman or senior executive officer of TSB England & Wales or TSB Scotland or as chairman of TSB Northern Ireland or TSB Channel Islands, appoint such person to be a Director of the Company.

In relation to TSB England & Wales, TSB Scotland and TSB Northern Ireland, the following further arrangements have been made:

- Each of those banks has issued a special rights redeemable preference share to the TSB Foundation for the territory in which it is incorporated. This special share carries the right to appoint up to two directors of the bank, subject to the approval of the existing directors of the bank. These special directors are not eligible to hold any executive office, or the office of chairman, deputy chairman or vice-chairman, in the bank, and are under a responsibility to represent the interests of the territory concerned. The special share carries no voting rights except on a resolution for the removal of a special director, in relation to which it carries voting rights sufficient to enable the holder of the special share to prevent any such removal. The special share is not transferable, carries no right to dividends or other distributions, is repayable at its nominal value of £1 in a winding-up of the bank and will be redeemed at par if the TSB Foundation is wound up or dissolved.
- Except in relation to the special directors referred to above, the boards of those banks have the power of appointing their own members, and of electing their own chairman, deputy chairman and vice-chairman, subject to the approval of the Company.
- The articles of association of each of those banks provide for the special directors referred to above, and at least three-quarters of the remaining directors (including the chairman), to be persons who are normally resident in the territory in which that bank is incorporated. The articles of association also provide that the directors of the bank are to give consideration (so far as material) not only to the interests of the Company as the owner of the bank's ordinary shares, but also to the interests of the bank's customers and employees and of the territory concerned, and that they are entitled to take account of any one or more of those interests in the management of the business of the bank.
- Agreements have been entered into between the Company and each of those banks which provide that the total dividends paid by the bank for any accounting period shall not exceed the higher of one-half of the bank's consolidated profits (after tax, extraordinary items and minority interests) for that period or one-half of its aggregate consolidated profits, less losses, on the same basis for that and the last preceding four accounting periods ending after 20th November, 1985 (or, if there had been fewer than four such periods, the actual number of periods), so far as not already distributed. The agreements further provide that the Company will not exercise its voting rights so as to reduce, except by way of a dividend within its limits referred to above, the consolidated net asset value of the bank below its level at the date of its latest audited balance sheet or, if later, at the vesting day under the 1985 Act. The articles of association of each of the banks concerned provide that the agreement is not to be varied without the concurrence of two-thirds of the directors of the bank.

TSB GROUP plc CONTINUED

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In view of the proposed offer for sale of shares in TSB Channel Islands, different arrangements have been made for that bank. The articles of association of TSB Channel Islands provide for certain matters to be subject to the separate approval of the holders of the shares to be held otherwise than by the Group, and for those holders to have the power to appoint a minority of the directors of the bank; the Company has the power to appoint the remainder of the directors. Provision is also made for a majority of the directors, including the chairman, to be normally resident in the Channel Islands and not normally resident in the UK.

The Company has entered into an agreement with TSB Channel Islands not to exercise its voting rights so as to reduce the consolidated net asset value of TSB Channel Islands below the consolidated net asset value of that bank at the date of its latest audited balance sheet or, if later, at the vesting day under the 1985 Act. The agreement provides that it is not to be varied without the concurrence of two-thirds of the directors of the bank.

5. MEMORANDUM OF ASSOCIATION

The memorandum of association of the Company contains, inter alia, provisions to the following effect:

(a) PRINCIPAL OBJECTS

The Company's principal objects, set out in Clause 4 of the memorandum of association, are to take over the assets and obligations of TSB Central Board and of TSB Holdings and such other assets as may be vested in the Company under the 1985 Act, to act as the holding company of the Group and to carry on the businesses of a holding company and of banking, finance and investment in all their respective aspects.

(b) LIMITATIONS ON SHAREHOLDINGS

The limitations on the proportion of the voting shares ("voting shares" meaning, for these purposes, the issued ordinary shares and the issued shares of any other future class normally carrying full voting rights) of the Company in which any person may be interested, set out in Clause 7 of the memorandum of association, are described in outline below:

(i) For this purpose, the expression "interest" is widely defined and extends beyond those interests required to be taken into account in deciding whether a notification to the Company would be required under Part VI of the Companies Act 1985 to include the interests referred to in Section 209(1)(a), (b) and (c) and, with limited exceptions and except as otherwise determined by ordinary resolution of the Company in general meeting, the interests referred to in Section 209(1)(i) of the Companies Act 1985 (other than those of a bare or custodian trustee under the laws of England or of a simple trustee under the laws of Scotland). An interest in interim rights under the Instalment Agreement is to be treated for this purpose as an interest in the shares to which such interim rights relate.

(ii) The provisions of Part VI of the Companies Act 1985 are applied with the effect that members and other persons are obliged to disclose to the Company, as provided in that Act, inter alia, interests in 5 per cent. or more of any class of voting shares. Registers of all interests so disclosed are to be kept by the Company.

(iii) Any person may be required by the Directors to disclose his interests and, so far as known to him, others' interests in voting shares of the Company and, until the Directors confirm that they are satisfied with the disclosures made, any voting shares held by that person, or in which that person is determined by the Directors to be interested, will confer no right to receive notice of, or to attend or vote at, any general meeting of the Company or of any class of members of the Company.

(iv) Without prejudice to (iii) above, and unless the information contained in the registers referred to in (ii) above indicates otherwise, the Directors may assume that a person does not have an interest in more than 5 per cent. of a class of voting shares of the Company. Likewise, they may on reasonable grounds deem a person to have such an interest and determine the shares in which he is interested, in which event the restrictions set out below will apply.

(v) If any person has an interest, or is deemed by the Directors to be interested, in more than 5 per cent. of any class of voting shares of the Company, the Directors are required to serve a written notice on all persons (other than persons referred to in (vii) below) who appear to the Directors to have interests in, and, if different, on the registered holder(s) of, the shares concerned. The notice must set out the restrictions referred to in (vi) below and call for the interest concerned to be reduced to 5 per cent. or less by disposal of shares or of interests in shares of the class concerned within 21 days of service of the notice (or such other period as the Directors consider reasonable). A disposal of shares otherwise than on The Stock Exchange or a disposal by a put-through transaction on The Stock Exchange will not, in the absence of further evidence, be regarded as a sufficient disposal for this purpose and registration of any transfer on such a disposal will be withheld. If such a disposal notice is not complied with to the satisfaction of the Directors and is not withdrawn (in whole or in part), the Company may, while the corresponding provisions of the Instalment Agreement continue to operate, and thereafter shall make such a disposal on behalf of the shareholder on such terms as may be determined by the Directors to be appropriate, based upon advice obtained by them for the purpose. The Directors will not be liable to any person for the consequences of reliance on such advice. Where, on such a disposal, the shares in question are held by more than one registered holder (treating joint holders of any such shares as a single holder) as nearly as practicable the same proportion of each identified holding will be sold. In order to effect such a disposal, the Directors may authorise any officer or employee of the Company to execute the necessary transfers and may issue a new certificate to the purchaser. In such circumstances, the net proceeds of any disposal will be received by the Company, whose receipt will discharge the purchaser, and will be paid (without interest and after deduction of costs) to the former registered holder upon surrender by him of any certificate in respect of the shares sold.

(vi) A share comprised in the interest of a person who is, or who is deemed by the Directors to be, interested in more than 5 per cent. of any class of voting shares is referred to as a "qualifying share" and, whether or not notice has been served under the provisions described above, the registered holder of that share is not entitled in respect of that share to receive notice of, or to attend or vote at, any general meeting of the Company or of any class of members of the Company while that share continues to be a qualifying share.

(vii) For this purpose the interests in voting shares of SEPO Limited, or any successor thereof acting as a stock exchange nominee, any organisation acknowledged by the Directors to be carrying on a similar function in relation to any other stock exchange on which the Company's shares may be listed (acting in that capacity), a trustee (acting in that capacity) of any employees' share scheme of any company within the Group, TSB Central Board, or any person acting on its behalf, and the Custodian Bank (acting in that capacity) are to be ignored. In addition, provision is made to release an underwriter or sub-underwriter of an offer of voting shares of the Company from obligations which would otherwise be imposed to make a disposal of shares where that person's interest has exceeded the 5 per cent. level only by virtue of his participation in the underwriting or sub-underwriting. Similar provision is made as regards a person whose interest exceeds the 5 per cent. level by reason only of his subscription for shares to which he is entitled on a rights issue. In any such circumstances, during such period as such person remains interested in more than 5 per cent. of the issued voting shares of any class, the excess over 5 per cent. will be treated as qualifying shares only for the purposes mentioned in paragraph (vi) above but his entire interest will be taken into account in determining whether he should be required to dispose of after-acquired interests in voting shares.

(viii) The Directors are not obliged to serve notice on any person if they do not know either his identity or address or the nature or extent of his interest in voting shares. The absence of service of such a notice and any accidental error in or failure to give any notice to any person upon whom notice is required to be served will not prevent the implementation of or invalidate any procedure under the relevant provision. Any determination of or decision or exercise of any discretion or power by the Directors or the chairman of any meeting of the Company under these provisions will be final and conclusive and binding on all persons concerned and will not be open to challenge.

(ix) The provisions summarised above may not be altered by resolution of the Company until the fifth anniversary of the date on which the basis of allocation under this offer for sale is announced. Any alteration of the application of the provisions during that period would constitute a variation of the rights of the holders of limited voting shares requiring their consent as a class. Thereafter, the provisions will apply as if references in (iv), (v), (vi) and (vii) above to a 5 per cent. interest in voting shares were to a 15 per cent. interest, and may be altered in any respect by special resolution of the Company in general meeting and generally shall have effect as if incorporated in the articles of association.

(x) While interests in shares acquired under this offer for sale are represented by interim rights, the provisions of the Instalment Agreement which give rise to similar obligations, limitations, restrictions and powers of investigation and disposal in relation to interests in interim rights will operate in addition to the provisions of Clause 7 of the memorandum of association.

6. ARTICLES OF ASSOCIATION

The articles of association of the Company contain, inter alia, provisions to the following effect:

(a) VOTING

Subject to the rights and restrictions as to voting referred to in Section 5 above, every holder of ordinary shares who is present in person (including any corporation by its duly authorised representative) at a general meeting of the Company will have one vote on a show of hands and, on a poll, if present in person or by proxy, will have one vote for every such share held by him, save that a member will not be entitled to exercise the right to vote carried by such shares if he or any person appearing to be interested in the ordinary shares held by him has been duly served with a notice under Section 212 of the Companies Act 1985 (requiring disclosure of interests in shares) and is in default in supplying the Company with information required by the notice.

The limited voting shares confer the right to receive notice of and to attend and speak at any general meeting of the Company but do not confer a right to vote unless the business of the meeting includes the consideration of a resolution to approve an acquisition or disposal by the Company or any of its subsidiaries in circumstances in which the approval of shareholders in general meeting is required, or sought by the Directors, due to the significance of the transaction, or to approve any amendment of the provisions of the memorandum of association of the Company relating to the

limitations on shareholdings referred to in Section 5 above, or for the winding-up of the Company, or to vary the rights of the limited voting shares. In any such case, the shareholder may vote those shares only in respect of such resolution and will have the same rights as regards the number and exercise of votes as an ordinary shareholder.

(b) GENERAL MEETINGS

After consultation with the Quotations Department of The Stock Exchange, the Directors may make arrangements to control the level of attendance at any place specified for the holding of a general meeting and, in any such case, shall direct that the meeting be held at a specified place, where the chairman of the meeting shall preside, and make arrangements for simultaneous attendance and participation by members at other locations. The chairman of a general meeting has authority to adjourn the meeting if, in his opinion, it appears impracticable to hold or continue the meeting because of weight of numbers. Annual general meetings of the Company will be held in Edinburgh or such other place in Scotland as the Directors may approve.

(c) DIVIDENDS AND OTHER DISTRIBUTIONS AND RETURN OF CAPITAL

The Company in general meeting may declare dividends to be paid to members of the Company, but no dividend shall be declared in excess of the amount recommended by the Directors. Except in as far as the rights attaching to, or the terms of issue of, any shares otherwise provide (no such shares currently being in issue), all dividends shall be apportioned and paid pro rata according to the amounts paid up thereon. The limited voting shares do not confer a right to participate in any distribution of profits by way of dividend but rank pari passu with the ordinary shares in respect of any other distribution.

On any distribution by way of capitalisation, the amount to be distributed will be appropriated pro rata amongst the holders of ordinary shares and limited voting shares according to the amounts paid up on their shares respectively. If the amount to be distributed is applied in paying up in full unissued shares of the Company, a shareholder will be entitled to receive bonus shares of the same class as the shares giving rise to his entitlement to participate in the capitalisation.

The Directors may, in their discretion, fix any date as the record date for any dividend or distribution. Any dividend unclaimed after a period of twelve years from the date of declaration thereof will be forfeited and revert to the Company. No dividends or other moneys payable on or in respect of a share shall bear interest against the Company.

On a return of capital, whether in a winding-up or otherwise, the ordinary shares and the limited voting shares will rank pari passu in all respects.

(d) CONVERSION OF LIMITED VOTING SHARES TO ORDINARY SHARES

Each limited voting share will be converted into an ordinary share: (i) following the last date on which an amount could become due and payable to a holder of limited voting shares under a deed of covenant entered into under the arrangements described in Section 14 below; or (ii) if an offer is made to ordinary shareholders of the Company to acquire the whole or any part of the issued ordinary share capital of the Company and the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting becomes or will become vested in the offeror and/or persons controlled by and/or acting in concert with the offeror.

The shares so converted will carry the right to receive dividends and other distributions declared, made or paid on the ordinary share capital of the Company by reference to a record date on or after the conversion date and will rank pari passu in all other respects with the then existing fully paid ordinary shares.

Holders of limited voting shares will be entitled to participate in any offer made by way of rights to ordinary shareholders as if the limited voting shares had been converted at the relevant record date.

(e) VARIATION OF RIGHTS AND ALTERATION OF CAPITAL

Subject to the provisions of the statutes and as stated in paragraphs (a) and (b) above, the rights attached to any class of shares for the time being in issue may (subject to their terms of issue) be varied, modified or abrogated with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of shares of that class. At any such separate meeting, the provisions of the articles of association relating to general meetings will apply, but the necessary quorum at any such meeting (except an adjourned meeting at which the quorum shall be one person holding or representing as proxy shares of the class) will be two persons holding or representing as proxy at least one-third in nominal value of the issued shares of that class and any such person may demand a poll.

The Company may, by ordinary resolution, increase its share capital, consolidate and divide all or any of its shares into shares of larger amount, sub-divide all or any of its shares into shares of smaller amount and cancel any shares not taken or agreed to be taken by any person. Any consolidation or sub-division of the ordinary shares may be made only if the limited voting shares are consolidated or sub-divided in like manner.

For so long as the limited voting shares have not been converted, the Company is prohibited from creating any new class of equity share capital (other than under an employees' share scheme approved by the Company or shares carrying restricted or no voting rights and no greater rights as regards dividends or capital) or varying the rights of the ordinary shares or purchasing its own shares, in any case, without the consent of holders of limited voting shares as a class.

The Company may, subject to any confirmation or consent required by law, by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way.

(f) TRANSFER OF SHARES

An instrument of transfer of a share must be in writing in any usual or common form or other form approved by the Directors and must be executed by or on behalf of the transferor and, if the shares thereby transferred are not fully paid, by the transferee. Every instrument of transfer must be duly stamped. The transferor will be deemed to remain the holder of the shares transferred until the name of the transferee is entered in the register of members of the Company in respect thereof.

The Directors may, in their absolute discretion and without assigning any reason therefor, refuse to register any transfer of a share (not being a fully paid share) to any person of whom they do not approve and any transfer of a share on which the Company has a lien. The Directors may also decline to register a transfer unless the instrument of transfer complies with the requirements of the articles of association. The articles of association contain no restrictions on free transferability of fully paid ordinary shares.

The transfer of limited voting shares is restricted. Such shares may be transferred only (i) between existing holders thereof or (ii) under a scheme established or order made by the Charity Commissioners or by the Court to a transferee having charitable objects or (iii) in the course of a winding-up to an institution having charitable objects which prohibits distributions of income and property to members to at least the same extent as the memorandum of association of the transferor or (iv) at the direction of the Crown to another charity having similar objects.

The Company's shares are in registered form and the articles of association do not provide for bearer shares.

(g) UNTRACED MEMBERS

The Company is empowered to sell, as the agent of a member, at the best price reasonably obtainable, any share registered in the name of a member remaining untraced for twelve years who fails to communicate with the Company following advertisement of an intention to make such a disposal. Until the Company can account to the member, the net proceeds of sale will be available for use in the business of the Company or for investment, in either case at the discretion of the Directors. The net proceeds will not carry interest.

(h) DIRECTORS

Directors' remuneration (other than the remuneration referred to in the following paragraphs) shall be determined from time to time by the Company in general meeting and, unless otherwise resolved by the shareholders, will be divided between the Directors as they agree or, failing agreement, equally. The current maximum aggregate amount of such remuneration is fixed at £250,000 per annum.

The Directors will be entitled to be repaid all travelling, hotel and other expenses reasonably incurred by them in connection with the business of the Company.

The Directors may grant special remuneration to any Director who renders any executive, special or extra services to the Company or who goes or resides abroad in connection with the Company's affairs. Any special remuneration will take such form as the Directors determine.

The Directors may establish and maintain or procure the participation of the Company in pension or superannuation or similar schemes, and may pay pensions, gratuities or similar allowances or benefits to persons who are or were directors, officers, or employees of any company in the Group, including Directors and former Directors, or their relatives or dependants.

The Directors may make provision, out of profits available for distribution, for the benefit of any employee or former employee of any company in the Group, in connection with the cessation or transfer of any part of the Group's undertaking.

The Directors shall appoint one of their number to be the senior executive officer of the Company and may from time to time appoint any of their number to any other executive office or any other employment or office within the Group on such terms as they think fit. A Director so appointed may receive such remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Directors determine. Any such appointment will terminate automatically if the appointee ceases to be a Director otherwise than by resignation or by retirement by rotation at a meeting at which he is, or is deemed to be, reappointed. Any revocation or termination of such appointment will be without prejudice to any claim for breach of any contract of service or appointment between the Director and the Company. A Director holding office under a contract of service will not be subject to retirement by rotation and will not be taken into account in determining the rotation of Directors.

A Director may hold any other office or place of profit under the Company except that of auditor and may provide professional services to the Company, in any such case on such terms as to remuneration and otherwise as the Directors determine.

Subject to the provisions of the Companies Act 1985, no Director is disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser, or otherwise and no such contract, nor any contract, transaction or arrangement entered into by or on behalf of the Company in which any Director or any person connected with him is in any way interested, will

be liable to be avoided, nor will any Director so contracting or being so interested be liable by reason of his office to account to the Company or the members for any profit or other benefits realised under any such contract, transaction or arrangement but the interest of the Director shall be disclosed at a meeting of the Directors in accordance with Section 317 of the Companies Act 1985.

Any Director may be interested in any capacity in or in any arrangement with a company in which the Company is interested and will be entitled to retain any remuneration or other benefits received by him by virtue of his interest in or in any arrangement with that other company.

The Directors may exercise votes carried by shares in another company held or owned by the Company as they think fit, including such exercise in favour of a resolution to appoint one or more of their number to a remunerative position in that other company.

Save as otherwise provided in the articles of association, a Director may not vote as a Director on any resolution concerning a matter in which he has any material interest (other than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company) and will not be counted in the quorum at a Directors' meeting in relation to any resolution on which he is debarred from voting. This prohibition will not apply, inter alia, to:

- the giving of any security or indemnity to a Director in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;
- the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director has assumed responsibility in whole or in part under a guarantee or indemnity or by giving security;
- any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in which offer the Director is to be interested as a participant in the underwriting or sub-underwriting thereof;
- any proposal concerning any other company in which the Director is interested whether as an officer or shareholder or otherwise provided that he is not the holder (other than as bare trustee) of or beneficially interested in one per cent. or more of any class of the issued share capital of the company (or of any third company through which his interest is derived) or of the voting rights of such company;
- any proposal for a retirement or other benefits scheme which has been approved, or is conditional upon approval by, the Board of Inland Revenue for taxation purposes;
- any arrangement for the benefit of employees of the Company or any of its subsidiaries under which the Director benefits in a similar manner to the employees and which does not accord to the Director as such any privilege or advantage not generally accorded to the employees to whom the arrangement relates.

The Company may, subject to the Companies Act 1985, by ordinary resolution, suspend, vary or relax the provisions relating to declaration by a Director of an interest in any contract, transaction or arrangement or affecting a Director's right to vote and be counted in the quorum on resolutions in which he is interested to any extent or ratify any particular contract, transaction or arrangement made in contravention of those provisions.

At each annual general meeting of the Company, one-quarter of the Directors (other than any Directors holding office under a contract of service) for the time being (or, if their number is not a multiple of four, the number nearest to but not greater than one-quarter) will retire from office by rotation. For the purpose of determining the number of Directors to retire by rotation, no account will be taken of Directors not otherwise required to retire who do so voluntarily or of Directors required to retire or vacate office by virtue of other provisions of the articles of association. The Directors to retire will be determined by seniority as provided for in the articles and will be eligible for re-election.

A Director appointed by the Directors to fill a casual vacancy or as an additional Director will hold office only until the next following annual general meeting but will be eligible for re-election.

A Director may be removed from that office by resolution approved by not less than three-fourths of the Directors.

The provisions of Section 293 of the Companies Act 1985, which relate to the appointment and retirement as Directors of persons who are aged 70 or more, are not varied or excluded by the articles of association.

(i) BORROWING POWERS

The Directors may exercise all powers of the Company to borrow or raise money on such terms and on such security as they consider to be expedient, in particular by the issue of debentures or other securities; borrowings may be secured in any manner the Directors think expedient and in particular by mortgage, charge or lien on all or part of the Company's undertaking, property, assets, present and future, and uncalled capital.

7. DIRECTORS' AND OTHER INTERESTS

(a) The aggregate remuneration and benefits in kind of the 10 members of TSB Central Board from the Group during the year to 30th November, 1985 amounted to £472,000. The aggregate remuneration and benefits in kind of the 26 Directors from the Group during the year to 30th November, 1986, under arrangements in force at the date of this document, would, if they had been receivable in respect of the whole of that year, have amounted to £1,095,000.

(b) Sir John Read has an agreement with the Company, expiring on 30th September, 1988, relating to his appointment as Chairman of the Company, under which he is entitled to receive £100,000 per annum and the use of accommodation in London necessary for the performance of his duties as Chairman at the Company's expense.

(c) P. Charlton, L. W. G. Priestley, D. M. Stevens and D. B. Thorn have service agreements with the Company, terminable by thirty-six months' notice by the Company and by six months' notice by the Director, under which they receive annual salaries at the current rate of £92,000, £87,000, £62,500 and £70,000 respectively.

(d) Save as disclosed in paragraph (c), there are no existing or proposed service agreements between any Director and the Company or any of its subsidiaries which are not determinable by the employing company without payment of compensation (other than statutory compensation) within one year.

(e) Loans granted and guarantees provided by members of the Group to Directors of the Company at 5th September, 1986 amounted to £294,187.

Certain Directors have personal Trusts issued to them in the normal course of business of TSB Trusts. The amount outstanding from Directors at 5th September, 1986 in respect of Trusts balances was £5,913.

(f) Sir Ian Fraser is a non-executive director of Lazard Brothers, which will receive a fee and commission in connection with the offer for sale.

(g) Save as disclosed in paragraph (f) above, no Director has any interest in any transaction which is of an unusual nature, contains unusual terms or which is significant to the business of the Group and which was effected by the Company or its predecessor in title during the current or immediately preceding financial year of the Company or any predecessor, or during any earlier financial year and which remains in any respect outstanding or unperformed.

(h) None of the Directors has any beneficial interest in the share capital of the Company or any of its subsidiaries. Any Director may apply for shares under the offer for sale on a public application form and, if eligible, participate in the priority arrangements for eligible customers, employees and pensioners of the Group and in the Free Offer.

(i) All the issued and allotted ordinary shares of the Company are owned by TSB Central Board. Following the offer for sale and the Free Offer, TSB Central Board will retain such number of shares as is necessary to satisfy the potential entitlement of investors to receive extra shares under the loyalty bonus arrangements described in Section 2 of Part XII.

8. FREE OFFER

On 17th July, 1986 the Company in general meeting authorised the introduction of a profit sharing scheme, which has been approved by the Inland Revenue pursuant to Schedule 9 to the Finance Act 1978 (as amended). The scheme, known as the TSB Group Staff Share Scheme, will be used only for the purpose of the Free Offer. Participation under the scheme has been offered to each employee of the Group on 2nd June, 1986 (other than employees of TSB Channel Islands and UDT Bank) contracted to work at least eight hours per week. Each such employee in the employment of the Group on 5th September, 1986 who had accepted the Free Offer by that date will be allocated, free of charge, 150 fully paid ordinary shares worth £150 at the offer for sale price. Such shares will be held by the trustees of the scheme for a minimum of two years, during which time they may not be dealt with in any way except where a participant reaches statutory pensionable age or a participant's employment ceases as a result of death, injury, disability or redundancy. For the following three years, the trustees will retain a participant's shares unless the participant requests them to do otherwise. After five years, the trustees will transfer any remaining shares into the participant's name as soon as practicable. While shares are held by the trustees, the respective participants will be the beneficial owners of the shares and will be entitled to receive dividends, direct the exercise of voting rights and participate in rights issues and capitalisation issues and certain other transactions concerning the issued ordinary shares in the same way as other ordinary shareholders. In the absence of voting directions, the trustees may not exercise the votes in respect of the shares. Separate but similar arrangements have been made for persons on maternity leave who return to employment and remain for a minimum qualifying period.

On 11th August, 1986 the Company in general meeting authorised the introduction of a profit sharing scheme for approval by the Irish Revenue Commissioners under the Finance Act 1982 of the Republic of Ireland. The scheme, to be known as the TSB Group Irish Staff Share Scheme, will only be used for the purpose of extending the Free Offer to employees of UDT Bank, who will, following Irish Revenue approval, be offered participation on substantially the same terms as employees under the TSB Group Staff Share Scheme. Subject to the requirements of Irish law and of the Irish revenue authorities, the TSB Group Irish Staff Share Scheme will be the same in all material respects as the TSB Group Staff Share Scheme.

9. MATERIAL CONTRACTS

Save for the underwriting agreement, details of which are given in Section 15 below, no member of the Group has, within the two years immediately preceding the date of this document, entered into any contract (not being a contract entered into in the ordinary course of business) which is, or may be, material.

10. PREMISES

The Group has 2,074 properties, of which 1,260 are freehold (or the equivalent), 138 are on long leases and 676 are on short leases. Most of these are branch banking premises. At 21st May, 1986 the total net book value of the Group's properties was £221 million. Total rents paid in the year to 20th November, 1985 amounted to some £8.2 million.

A large proportion of the Group's properties, apart from short leaseholds considered to have a value of less than £25,000, were valued at open market value in 1983 by independent firms of surveyors or valuers, the majority of the remainder of the freehold and long leasehold properties having been professionally valued in 1981 and 1982 on the same basis. Those properties are shown in the Group's books at those valuations, subject to a provision of £5 million for possible future diminution in market values arising from adverse changes in market conditions, less subsequent depreciation. Other properties, including subsequent acquisitions or developments, are shown at historical cost less depreciation.

11. APPRAISAL OF VALUE OF TSB LIFE AND TSB PENSIONS

The following is a copy of the report by Tillinghast, Nelson & Warren Ltd, Consulting Actuaries, referred to in Section 1 of Part VI above:

Chesterfield House,
15-19, Bloomsbury Way,
London WC1A 2TP.
12th September, 1986

The Directors,
TSB Group plc

Dear Sirs,

As instructed, we have appraised the values, on a going concern basis, of TSB Life Limited ("TSB Life") and of TSB Pensions Limited ("TSB Pensions"). In our appraisal we proceeded by considering the following elements of value:

- (i) existing business, being business already on the books of each company;
- (ii) shareholders' assets and other related inner reserves not reflected in the published balance sheets prepared under the provisions of the Companies Act 1985 relating to insurance companies; and
- (iii) goodwill or "existing structure value", being each company's proven ability to make profitable use of its assets as evidenced by continuing new business sold on profitable terms.

In each case the values attributed are net of all taxes to be borne within each company.

As indicated in Note 19 to the Accounts' Report in Part IX of the listing particulars dated 12th September, 1986, the life insurance fund of TSB Life ceased paying introduction commissions to the TSB banks from 1st October, 1983. In order appropriately to recognise the economic value to the TSB Group of TSB Life, our appraisal value assumes that commissions to the TSB banks continued on the same basis as those paid in respect of periods up to 30th September, 1983. These commissions, which are slightly below the normal level for introducers of business, are an economic reflection of the service performed.

The values have been calculated on the basis of a continuing relationship between the TSB banks and TSB Life and TSB Pensions respectively.

No part of the value of TSB Unit Trusts Limited arising from current holdings and future purchases by TSB Life or TSB Pensions of units in unit trusts managed by that company has been included in our appraisal values.

The values appraised as at 31st March, 1986 are £181 million in respect of TSB Life and £14 million in respect of TSB Pensions, a total of £195 million. Corresponding total values at 30th September, 1984 and 30th September, 1985 were £123 million and £165 million respectively. In arriving at our value of TSB Life we have deducted half of the forecast dividend, payable to TSB Trust Company Limited, for the year to 30th September, 1986.

These values have been computed on the same basis as that used by us in our annual report to the directors of TSB Trust Company Limited. The basis, which is consistent from year to year, is intended to be conservative.

In our work we have relied on audited and unaudited information supplied to us by each company as at 30th September, 1985 supplemented by unaudited information supplied covering the period to 31st March, 1986. We have not carried out independent checks of the data and other information supplied to us by each company.

Yours faithfully,

I. C. Smart, FIA
TILLINGHAST, NELSON & WARREN LTD
Consultants and Actuaries

12. LITIGATION

The Group has been engaged in litigation during the last twelve months in which certain depositors claimed that depositors had an interest in the assets of the TSBs. The House of Lords held in July 1986 that the depositors had no present or future, actual or contingent, right, title or interest in or in the assets of the TSBs beyond the right to repayment of their deposits and, in the case of interest bearing accounts, to the periodic payment of interest thereon at the rates from time to time applicable thereto. There has been speculation that depositors might proceed with a petition to the European Commission of Human Rights in Strasbourg. The Directors have been advised that, even if a claim by the petitioners was ultimately upheld by the European Court of Human Rights, there would be no liability on the part of the Group and that any such liability, if it were to arise, would rest with H. M. Government.

There are no legal or arbitration proceedings pending or threatened against any member of the Group which may have or have had, during the twelve months preceding the date of this document, a significant effect on the Group's financial position.

13. TAXATION OF DIVIDENDS

When paying a dividend, the Company has to remit to the Inland Revenue an amount of advance corporation tax ("ACT") at a rate which is related to the basic rate of income tax. The ACT related to a dividend currently equals 29/71st of the dividend paid.

For shareholders resident in the UK, the ACT paid is available as a tax credit, which individual shareholders who are so resident may set off against their total income tax liability or, in appropriate cases, reclaim in cash. A UK resident corporate shareholder will not be liable to UK corporation tax on any dividend received.

Whether shareholders who are resident in countries other than the UK are entitled to a payment from the Inland Revenue of any part of the tax credit in respect of dividends on shares held by them depends in general upon the provisions of any double tax convention or agreement which exists between such countries and the UK. Persons who are not resident in the UK should consult their own tax advisers on the possible applicability of such provisions, any procedure for claiming repayment and the relief or credit which may be claimed for such tax credit in the country in which they are resident.

14. TSB FOUNDATIONS

Each of the four TSB Foundations, TSB Foundation for England and Wales, TSB Foundation for Scotland, TSB Foundation for Northern Ireland and TSB Foundation for the Channel Islands, is a company limited by guarantee incorporated in the territory reflected in its name, except that TSB Foundation for the Channel Islands is incorporated in England and Wales. Each of the TSB Foundations will be managed by a board of directors, or "trustees", of whom one-quarter are appointed by the Company and, subject to the Company's approval, three-quarters by the TSB bank for the territory concerned. The trustees of each TSB Foundation will have discretion as to the application of the covenanted payments referred to below for general charitable purposes, principally within its territory.

Following the offer for sale the TSB Foundations will hold (in the same proportions in which they receive the covenanted payments referred to below) all the Company's limited voting shares, which have the rights summarised in Section 6 above.

Each of the TSB Foundations for England and Wales, Scotland and Northern Ireland also holds a special rights redeemable preference share in the TSB bank in that territory. The rights attaching to these special shares are summarised in Section 4 above.

By four deeds of covenant which come into force on the announcement of the basis of allocation under the offer for sale, the Company has covenanted with TSB Foundation for England and Wales, TSB Foundation for Scotland, TSB Foundation for Northern Ireland and TSB Foundation for the Channel Islands to make annual payments equal to 0.212 per cent., 0.1946 per cent., 0.0535 per cent. and 0.0307 per cent. respectively (making a total of 1 per cent.) of one-third of the aggregate pre-tax profits (less pre-tax losses) of the Group for the three years ended on 31st October in the year preceding the year of payment (calculated as provided in the deeds of covenant) and subject to aggregate minimum annual payments totalling £300,000. Equal payments will be made in January, April, July and October of each year.

Each deed of covenant will continue until whichever is the first to occur of the expiration of at least 9 years' notice of termination given by the Company, the date of the commencement of the winding-up of the Company or the date which is one year after conversion of the limited voting shares into ordinary shares. If the event giving rise to the conversion is an offer to shareholders which has been successful as to at least 50 per cent. of the voting shares in the manner described in Section 6(d) above.

15. UNDERWRITING AND OFFER FOR SALE ARRANGEMENTS

By an underwriting agreement dated 12th September, 1986 and made between the Company, TSB Central Board, the Directors and Lazard Brothers and the underwriters named therein (Lazard Brothers and such other underwriters being referred to below as "the Underwriters"), Lazard Brothers have agreed to act as agent for TSB Central Board and the Company in making the offer for sale and the Underwriters have agreed to underwrite the sale of 1,050,000,000 shares under the offer for sale ("the underwritten shares"). The agreement is conditional, inter alia, upon the ordinary shares (other than the ordinary shares to be retained for the Free Offer) being admitted to the Official List by not later than close of business on 10th November, 1986.

Lazard Brothers (on behalf of the Underwriters) will receive a commission at the rate of 1.175 per cent. of the offer for sale price of the underwritten shares, out of which it will pay to each sub-underwriter a commission of 0.75 per cent. In respect of the underwritten shares for which that sub-underwriter has accepted a sub-underwriting commitment and to each of Rowe & Pitman Ltd. and Wood Mackenzie & Co. Limited a commission of 0.125 per cent. in respect of the underwritten shares for which such broker has arranged a sub-underwriting commitment.

The costs and expenses of the application to the Council of The Stock Exchange for admission of the ordinary shares being offered for sale to the Official List and the other costs and expenses incurred in connection with the offer for sale, including the commissions referred to above and the legal and other reasonable expenses of Lazard Brothers, (together with value added tax, where applicable) will be borne by the Company.

The underwriting agreement also contains:

- (i) certain warranties, undertakings and indemnities by the Company, TSB Central Board and the Directors in relation to the offer for sale in favour of the Underwriters;
- (ii) provisions which permit the termination of the agreement in certain circumstances prior to the announcement of the basis of allocation under the offer for sale.

In addition to the underwriting commissions described above, commissions will be paid by the Company to stockbrokers in the UK, the Channel Islands and the Isle of Man and recognised banks (within the meaning of the Banking Act 1979) to the extent that applications on public application forms bearing their stamps and their VAT registration number, if any, are successful, on the following basis:

STOCKBROKERS

- (i) on the first £10,000 of each successful application, 1 1/2 per cent. of the offer for sale price (1 1/2 per cent. in the case of Regional Co-ordinators), of which 1/2 per cent. of the offer for sale price will be realisable to the intermediaries mentioned below;
- (ii) on the excess over £10,000 of each successful application, 1 per cent. of the offer for sale price, of which 1/2 per cent. of the offer for sale price will be realisable to the intermediaries mentioned below;

RECOGNISED BANKS

- (i) on the first £10,000 of each successful application, 1/2 per cent. of the offer for sale price, none of which will be realisable;
- (ii) on the excess over £10,000 of each successful application, 1/2 per cent. of the offer for sale price, none of which will be realisable.

The intermediaries mentioned below will also be eligible to receive commissions at the realisable rates of 1/2 or 1/4 per cent., as the case may be, in respect of applications submitted by them through a TSB bank.

The following intermediaries within the UK, the Channel Islands and the Isle of Man are eligible for the realisable of such commissions: recognised banks and licensed deposit takers (in each case within the meaning of the Banking Act 1979), the National Girobank, solicitors, members of the Institute of Chartered Accountants, members of the Chartered Association of Certified Accountants, insurance brokers registered under the Insurance Brokers Registration Act 1977, licensed dealers, members of the Financial Intermediaries, Managers and Brokers Association, members of the United Life Assurance Group, members of the Association of British Insurers and members of the Life Insurance Association. In each case, intermediaries should stamp applications, which must be on behalf of others, as described above. Unless submitted through a TSB bank, the application must also bear the stamp of the stockbroker by whom commission will be realisable.

The right is reserved not to pay commissions in respect of applications which are suspected by TSB Central Board to be multiple applications. Those claiming commission will be required to keep records sufficient to identify the applicants and the numbers of shares for which applications are made. They will also be asked to give an assurance that all reasonable steps have been taken to eliminate multiple applications. The right is reserved to audit any commissions that may be payable and, further, for payment of commissions to any person to be withheld where TSB Central Board is not satisfied as to compliance with the foregoing.

Peat, Marwick, Mitchell & Co., Chartered Accountants, have been appointed by TSB Central Board and the Company to oversee and co-ordinate the monitoring of share applications in the offer for sale. Their role will include the policing of suspected multiple applications and an audit of the commissions payable to stockbrokers and other intermediaries.

No commission will be payable to any person who would otherwise be entitled to a payment of less than £50. No commission will be paid on applications made on priority application forms.

16. MISCELLANEOUS

- (a) The expenses of the offer for sale, payable out of the offer for sale proceeds, which include advertising and marketing costs, receiving banks' and professional advisers' fees and commissions payable to underwriters, sub-underwriters and stockbrokers, are estimated to amount to £86 million (exclusive of value added tax). These expenses include the total remuneration of the financial intermediaries, including underwriting commissions, which is estimated to amount to £18 million (exclusive of value added tax).

- (b) Lazard Brothers and Noble Grossart Limited will receive fees for their services in connection with the offer for sale which are included in the expenses of the offer for sale and in the total remuneration of the financial intermediaries referred to in (a) above. Rowe & Pitman Ltd. will receive a fee for its services in connection with the offer for sale, which is also included in (a) above.

- (c) The names and addresses of the Underwriters (each of which is a member of the Issuing Houses Association) are as follows:

Lazard Brothers & Co., Limited 21, Moorfields, London EC2P 2HT.	Hill Samuel & Co. Limited 100, Wood Street, London EC2P 2AJ.	Kleinwort Benson Limited 20, Fenchurch Street, London EC3P 3DB.
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S. G. Warburg & Co. Ltd. 33, King William Street, London EC4R 9AS.	Noble Grossart Limited 48, Queen Street, Edinburgh EH2 3NR.
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- (d) The principal place of business of the Company is at 25, Milk Street, London EC2V 8LU.

- (e) Deloitte Haskins & Sells have given and have not withdrawn their written consent to the issue of this document with the inclusion of their report and their letter and the references thereto and to their name in the form and context in which the same are included. Tillinghast, Nelson & Warren Ltd. have given and have not withdrawn their written consent to the issue of this document with the inclusion of its report and the references thereto and to its name in the form and context in which the same are included. R. Watson & Sons have given and have not withdrawn their written consent to the issue of this document with the references to their name in the form and context in which the same are included.

- (f) There has been no significant change in the financial or trading position of the Group since 21st May, 1986.

- (g) The financial information relating to the Company and its subsidiaries published in this document does not constitute full accounts within the meaning of section 254(1) of the Companies Act 1985. Due to the status of the TSB banks and of TSB Central Board before the restructuring under the 1985 Act, no such full accounts for those bodies have been prepared or were required to be or were delivered to the Registrar of Companies. In respect of those companies in the Group referred to in this document which, before the restructuring under the 1985 Act, were limited companies incorporated in the UK, full individual or group accounts as appropriate, for each of the five relevant financial years ended on or before 20th November, 1985 (or, in the case of limited companies incorporated in the UK which, by virtue of their date of incorporation, have not had five financial years ended on or before 20th November, 1985, their relevant financial years ended on or before that date), on which the auditors gave unqualified reports, have been delivered to the Registrar of Companies.

- (h) The Directors are of the opinion that the Group carries reasonable insurance cover for all major risks facing the Group which would be expected to be the subject of insurance cover, taking account of the fact that the capacity of the insurance market for certain commercial risks is limited.

- (i) The consent of the Finance and Economics Committee of the States of Jersey has been obtained for the circulation of this offer for sale in Jersey. It must be distinctly understood that, in giving this consent, the Committee does not take any responsibility for the financial soundness of any schemes or for the correctness of any statements made or opinions expressed with regard to them.

- (j) The Directors believe that all members of the Group have the approvals, consents, licences, registrations and memberships required to conduct their businesses in their respective territories. In particular, TSB England & Wales, TSB Scotland and TSB Northern Ireland are recognised banks under the Banking Act 1979 and appropriate banking authorisations have been granted in the Channel Islands and the Isle of Man, where the Banking Act does not apply.

- (k) Qualifying full-time and part-time employees and pensioners of the Group have been permitted since 21st May, 1985 to open special deposit accounts and to save fixed monthly amounts of between £10 and £100, together with an optional initial lump sum payment of up to eight times the monthly payment if they opened such an account before 21st July, 1985. Funds deposited in these accounts and used to apply for shares in the offer for sale earn a preferential rate of interest which, net of the appropriate rate of tax in the relevant territory, is equal to TSB base rate.

- (l) A newspaper report in July 1986 suggested that a draft policy document was to be considered by the home policy committee of the Labour Party, proposing, inter alia, the establishment of a publicly-owned clearing bank consisting of the Trustee Savings Bank, National Girobank and National Savings and local peoples' banks. A Labour Party spokesman on Treasury matters has, however, subsequently been reported from bench to the Labour Party has no plans to take the TSB into public ownership, as saying that the Labour Party has no plans to take the TSB into public ownership, either on its own or as part of a new state-owned bank with other national institutions.

- (m) The Directors have been advised that the Company is expected not to be a close company, as defined in the Income and Corporation Taxes Act 1970, immediately following the offer for sale.

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the offices of Theodore Goddard at 16, St. Martin's-le-Grand, London EC1 and at the offices of W & J Burness W. S. at 16, Hope Street, Charlotte Square, Edinburgh 2 during usual business hours on any weekday (Saturdays and public holidays excepted) until 30th September, 1986:

- (a) the memorandum and articles of association of the Company and of each of the TSB banks;
- (b) the 1985 Act and the relevant statutory instruments and orders made thereunder;
- (c) the audited pro forma accounts of the Group for the two years to 20th November, 1985 and for the six months to 21st May, 1986, and the audited balance sheets of the Company as at 20th November, 1985 and 21st May, 1986;
- (d) the Accounts' Report set out in Part IX of this document together with their statement setting out the adjustments made in arriving at the figures contained in the report;
- (e) the letters regarding the profit forecast set out in Part X;
- (f) the letter from Sir John Read to the Chancellor of the Exchequer dated 16th May, 1985 referred to in Section 4 above;
- (g) the agreements between the Company and each of the TSB banks referred to in Section 4 above;
- (h) the agreements referred to in Section 7 above;
- (i) the trust deed of the TSB Group Staff Share Scheme and a draft, subject to modification, of the TSB Group Irish Staff Share Scheme referred to in Section 8 above;
- (j) the report by Tillinghast, Nelson & Warren Ltd set out in Section 11 above;
- (k) the deeds of covenant referred to in Section 14 above;
- (l) the underwriting agreement referred to in Section 15 above;
- (m) the written consents referred to in Section 16(e) above;
- (n) the Instrument Agreement referred to in Section 3 of Part XII; and
- (o) the mini prospectus, being an abridged version of these listing particulars.

1. PRIORITY ARRANGEMENTS FOR ELIGIBLE CUSTOMERS, EMPLOYEES AND PENSIONERS

Up to 750,000,000 shares, being 50 per cent. of the maximum number of shares offered for sale and the shares to be retained for the Free Offer, are reserved for priority applications from eligible customers who have registered for priority, employees and pensioners of the Group and for the Free Offer.

Of these shares, up to 75,000,000 shares are reserved initially for priority applications from eligible employees and pensioners of the Group and for the Free Offer. Under the Free Offer, TSB Central Board is offering 150 shares free of charge to each qualifying employee. The total number of shares to be retained for the Free Offer is 4,169,550.

Customers of the Group who are eligible for priority number some 1,958,000. An eligible customer means a person who:

- (a) had a cheque, deposit or service account or loan facility (including a mortgage) with a TSB bank (excluding CTSB) at the close of business on 17th December, 1984; and
- (b) had duly registered for a priority application form by the close of business on 5th September, 1986 and remains a customer.

The employees and pensioners of the Group who are eligible for priority number some 32,500, being any person who, on 23rd September, 1986 is:

- (a) a full-time employee of a member of the Group (other than an employee of TSB Channel Islands who elects for a priority entitlement in the proposed offer for sale of shares in TSB Channel Islands); or
- (b) a part-time employee of any member of the Group (other than as aforesaid), provided that he is then contracted to work for not less than 15 hours per week; or
- (c) receiving a pension under the TSB Group Pension Scheme, the TSB Group Senior Executive Pension Scheme, the TSB Channel Islands Pension Scheme (other than a pensioner who elects as referred to in (a) above) or, with certain exceptions, the UDT Group Retirement Benefits Scheme, or is receiving one of certain other types of pension.

Priority applications may be made for a minimum of 200 shares and a maximum of 10,000 shares. With certain limited exceptions, for example in the case of trustees, each eligible customer, employee or pensioner will be permitted to make only one application on a priority application form. Whatever the demand for shares, each person who makes a valid priority application will receive at least some of the shares for which application is made. Each person who is eligible to apply for shares under the priority arrangements is being sent a personalised priority application form and may also make a single application on a public application form.

Any shares not taken up under the priority arrangements will be available to satisfy applications made on public application forms. Any shares not taken up after satisfying all applications on public application forms will be available to satisfy excess applications on priority application forms.

2. LOYALTY BONUS ARRANGEMENTS

ENTITLEMENT TO LOYALTY BONUS

If an application for shares is successful in whole or in part, the shareholder will be eligible to receive a loyalty bonus of extra shares, free of charge, from TSB Central Board. The shareholder will be entitled to receive one extra share, up to a maximum of 500 shares, for every ten shares continuously held from allocation under the offer for sale to the qualifying date, 30th September, 1989. There will be no right to receive fractions of shares.

The extra shares will be transferred as soon as practicable after the qualifying date, and will rank pari passu in all respects with ordinary shares already held except for any rights attaching thereto by reference to a record date prior to the qualifying date. Any stamp duty on the transfer will be paid by the Company on behalf of TSB Central Board out of the proceeds of the offer for sale.

If a successful application is made on a customer priority application form in respect of a child under 16, a partnership (other than a Scottish partnership), club, society or other unincorporated body or a trust or deceased person's estate, and the name of that child, body, trust or estate has been duly entered in Box 7 of the application form, the shares allocated on that application and shares allocated on any other application made by the same person will be treated separately in calculating the entitlement to extra shares. This also applies if a successful application is made on a public application form for the benefit of a child under 16 (if the child's name has been duly entered in Box 3 of that form) and in other cases where a successful application is made on a public application form for the benefit of a third party and an appropriate designation has been included in the form and accepted. Shares allocated to persons jointly will be treated separately from any other shares allocated to any of those persons alone or jointly with anyone else.

DISPOSALS OF SHARES AND LOSS OF, AND CHANGES IN, ENTITLEMENT
A shareholder's entitlement to extra shares will be based on the lowest number of shares held continuously in the same name(s) from allocation under the offer for sale to the qualifying date. Except as mentioned below, if shares are transferred into another name or disposed of during that period and the shareholder falls below its initial level, the entitlement to extra shares will be reduced accordingly (whether or not additional shares are subsequently acquired). This is subject to the following exceptions:

- (a) If a sole shareholder (including a survivor of joint shareholders) dies, having held shares continuously from allocation under the offer for sale to the date of his death, his personal representatives will be entitled to extra shares in respect of those shares provided they remain registered in the name of the deceased, or are registered in the names of the personal representatives and held by them, until the qualifying date: if any shares so held by the deceased are transferred by his personal representatives to a person entitled to them under the deceased's will or on his intestacy, that person will be entitled to extra shares in respect of those shares provided he continues to hold them until the qualifying date.

- (b) If joint shareholders transfer shares into the name of one or more of their own number (without the addition of any other persons), the transferee(s) will be entitled to extra shares in respect of those shares provided they are held by the joint shareholders continuously from allocation under the offer for sale to the date of transfer and continue to be held by such transferee(s) until the qualifying date.

- (c) Subject to prior confirmation on behalf of TSB Central Board by the relevant receiving bank, the Custodian Bank or the Company's registrars, if a nominee company transfers shares to another nominee company without any change in the beneficial ownership of those shares, or to the person for whom it holds those shares as nominee, the transferee will be entitled to extra shares in respect of those shares as nominee, are held by the first-mentioned nominee company and by any transferee or successive transferees in respect of whom such confirmation was obtained, continuously from allocation under the offer for sale to the qualifying date.

All right to extra shares will be lost on failure by a shareholder to pay the second instalment due on any shares held by him if, as a result, all or some part of his entitlement to shares is cancelled or proceedings are begun to enforce payment of the second instalment, or if multiple applications for shares have been made, or are suspected of having been made, by him or on his behalf.

If there is any capitalisation issue or any consolidation or sub-division of the Company's ordinary share capital before the qualifying date, the number of shares which will qualify for the loyalty bonus, and the maximum number of extra shares, will be adjusted pro rata (ignoring fractions). No provision is made for adjustment in other circumstances.

TAXATION

The Inland Revenue has confirmed that, under existing law, for shareholders other than dealers in securities, the loyalty bonus will be free of income tax, or, in the case of corporate shareholders, corporation tax, and that for the purposes of taxation of capital gains, the extra shares transferred under the loyalty bonus arrangements will be treated as if acquired at market value on 30th September, 1989. Dealers in securities are subject to different taxation arrangements and should seek such professional advice as they consider necessary.

The taxation authorities in Jersey, Guernsey and the Isle of Man have confirmed that, under existing law, the loyalty bonus will not be subject to income tax in the hands of residents of those respective jurisdictions.

MISCELLANEOUS

TSB Central Board will retain such number of shares as will be necessary to satisfy the maximum aggregate potential entitlement to extra shares under the loyalty bonus arrangements described above. TSB Central Board will not exercise any voting rights attached to shares retained by it under these arrangements, and will waive its entitlement, to all but a minimal extent, to dividends and to any other distributions (other than by way of capitalisation) paid or made in respect of such shares for so long as they are held by TSB Central Board. Where any person loses his entitlement to receive extra shares, TSB Central Board may sell that number of shares on the open market. The timing of any such sale will be at the discretion of TSB Central Board in consultation with the Directors. Retained shares which would otherwise represent fractional entitlements will be treated similarly. Alternatively, the Company may seek shareholders' authority to repurchase from TSB Central Board some or all of such shares. TSB Central Board will pay over the net proceeds of any such sale or repurchase to the Company.

INTERPRETATION

Where the context requires, references to shares include references to entitlements to shares represented or evidenced by letters of acceptance or interim certificates. References to "shareholder" mean a person who (during the renunciation period) is the addressee of a letter of acceptance relating to shares and thereafter is the registered holder in respect thereof in the register maintained by the Custodian Bank under the Instalment Agreement or in the register of members of the Company and references to holding shares shall be construed accordingly. Entitlements will be determined by reference to the register of members of the Company as at 3.00 p.m. on the qualifying date.

3. INSTALMENT ARRANGEMENTS

Since the shares are to be paid for over a period of 12 months, special provision has been made to enable purchasers to sell freely and without prejudicing the interests of TSB Central Board as seller. Accordingly, an agreement dated 12th September, 1986 (the Instalment Agreement) has been entered into between the Company, TSB Central Board and Lloyds Bank Plc as Custodian Bank to which every purchaser will also be a party. The expression "purchaser" means (i) a person whose application to purchase shares is accepted or (ii) a person to whom a letter of acceptance has been renounced in accordance with its terms and whose application for registration of renunciation is submitted before 3.00 p.m. on 14th November, 1986 and is registered (iii) after 3.00 p.m. on 14th November, 1986 a person (a "Registered Holder") who is registered by the Custodian Bank as the holder of interim rights (as defined below). Successful applicants for shares who do not renounce their letters of acceptance before 3.00 p.m. on 14th November, 1986 and renounces whose applications for registration are submitted before 3.00 p.m. on 14th November, 1986 and are registered will become Registered Holders.

Set out below is a summary of the Instalment Agreement. If there is any inconsistency between this summary and the Instalment Agreement, the Instalment Agreement shall prevail. A copy of the Instalment Agreement is available for inspection as noted in Section 17 of Part XI. A copy of the Instalment Agreement will also be available for inspection until 30th November, 1987 at the registered office of the Company, at the office of the Custodian Bank at Goring-by-Sea, Worthing, West Sussex BN12 6DA and at the offices of the Regional Co-ordinators listed in Section 5 below. A copy of the Instalment Agreement may be obtained on application to the Custodian Bank at the above address and on payment of a reasonable fee.

SUMMARY OF INSTALMENT AGREEMENT

1. The shares which are the subject of the Instalment Agreement will be registered in the name of and retained by the Custodian Bank until the second instalment has been paid. Pending payment of the second instalment, purchasers will enjoy substantially similar rights and be subject to substantially similar obligations in relation to the shares which they have agreed to purchase as if those shares were registered in their names. A purchaser's rights and obligations (including the obligation to pay the second instalment) in relation to each share (a "related share") are together referred to as an "interim right".

2. Initially, entitlements will be evidenced by letters of acceptance. Letters of acceptance (or pages 1 and 2 thereof if renunciation of a letter of acceptance has been submitted for registration before 3.00 p.m. on 14th November, 1986) will be valid as documents of title for transfer purposes until 3.00 p.m. on 15th July, 1987. Upon registration of any transfer of interim rights submitted for registration up to 3.00 p.m. on 15th July, 1987, the Custodian Bank will issue to the transferee an initial interim certificate for his related shares. This initial interim certificate will also be valid as a document of title for transfer purposes until 3.00 p.m. on 15th July, 1987. On, or soon after, 30th July, 1987 the Custodian Bank will despatch to Registered Holders as at 3.00 p.m. on 15th July, 1987 a combined interim certificate and call notice for the second instalment, which must be paid by, and for value not later than, 3.00 p.m. on 8th September, 1987. After 3.00 p.m. on 15th July, 1987 no transfer of interim rights otherwise than in favour of a Stock Exchange Nominee (as defined in the Instalment Agreement) will be accepted for registration unless accompanied by a combined interim certificate and call notice either duly receipted as to payment of the second instalment or accompanied by payment of the second instalment and, if so demanded, default interest if late payment is accepted. Upon registration of any transfer of interim rights following payment of the second instalment which is submitted for registration before 3.00 p.m. on 11th November, 1987, the Custodian Bank will issue to the transferee a final interim certificate for his related shares. Final interim certificates will cease to be valid for transfer purposes at 3.00 p.m. on 11th November, 1987. Definitive share certificates will be despatched on, or soon after, 25th November, 1987.

3. If a Registered Holder fails to pay the second instalment for any related share by, and for value not later than, 3.00 p.m. on 8th September, 1987, the agreement by TSB Central Board to sell that related share to the Registered Holder may (without prejudice to TSB Central Board's other rights) be avoided and the related share sold to someone else as set out in the Instalment Agreement. Time of payment by the purchaser is of the essence of the agreement by TSB Central Board to sell each related share. The Registered Holder will be paid a sum equal to the amount of the first instalment paid for that related share without interest, after deduction of the expenses of sale and any loss or damage sustained by TSB Central Board. If some only of a Registered Holder's related shares are so sold, he will be entitled to a transfer of the balance. If TSB Central Board in its discretion accepts late payment of the second instalment, it may do so on the basis that the Registered Holder is liable to pay interest on the amount due for the period of the default, calculated on a daily basis at 2 per cent. over LIBOR for seven day deposits in sterling. Such rate will be determined by the Custodian Bank as set out in the Instalment Agreement. If the amount tendered by a Registered Holder is insufficient to pay the second instalment in respect of all his related shares, that amount will be applied so that the second instalment is fully paid in respect of as many related shares as possible.

4. Only the purchaser of an interim right is entitled to be recognised by the Company, TSB Central Board and the Custodian Bank as the owner of that interim right, and no trust need be recognised, subject to any court order to the contrary and to the provisions referred to in paragraph 15 below. After 3.00 p.m. on 14th November, 1986, interim rights must be transferred in the same way as if they were fully paid shares. No transfer of interim rights will be registered without delivery to the Custodian Bank of a duly completed and stamped instrument of transfer supported by the relevant interim certificate or other temporary document of title, which, after 3.00 p.m. on 15th July, 1987, must be either duly receipted as to the payment of the second instalment or accompanied by payment of the second instalment and, if so demanded, default interest if late payment is accepted.

The Custodian Bank may call for further evidence to prove title or the right to transfer. Fractions of an interim right cannot be transferred.

5. Upon registration of a renunciation or a transfer, the renouncee or transferee will become the new Registered Holder of the interim rights renounced or transferred and a party to the Instalment Agreement and will be entitled to the rights conferred by the Instalment Agreement and subject to the obligations imposed thereby including the obligation to pay the second instalment for the related shares to the exclusion of any predecessor in title.

By applying for registration the renouncee or transferee shall be deemed to have accepted all the obligations inherent in the interim rights renounced or transferred. The person tendering a renounced letter of acceptance or the documents referred to in paragraph 4 above for registration shall be deemed to warrant his authority to do so as, or on behalf of, the renouncee(s) or transferee(s) named therein. Following registration of a transfer, the transferee will receive a new interim certificate. If some only of his interim rights are transferred, the transferor will also receive a further interim certificate for the balance.

The Instalment Agreement contains further provisions dealing with the transfer of interim rights and the transmission of interim rights on death, bankruptcy and mental incapacity and prohibiting transfers to persons who are not of full capacity or to more than four persons jointly.

6. On, or soon after, 11th November, 1987 the Custodian Bank and the Company will arrange for Registered Holders of interim rights to be registered, without any cost to the Registered Holders, as the holders of the related shares for which the second instalment has been paid. For this purpose holdings by the same person which are not separately designated may be consolidated.

7. Provision has been made in the Instalment Agreement for Registered Holders as at the relevant record date to receive the benefit of any cash dividends declared by the Company in respect of their related shares and certain other rights to which the Custodian Bank may be entitled as holder of the shares. Cash dividends will be sent by cheque or warrant to Registered Holders (to the address of the first named in the register, if more than one) at their risk. The Company has agreed in the Instalment Agreement that it will not make any capitalisation issue (other than any capitalisation issue referred to in Section 1 of Part XI) or rights issue or distribute any non-cash dividend before 25th November, 1987.

8. Provision has also been made in the Instalment Agreement for the holding of meetings of Registered Holders, which may be convened by the Custodian Bank, the Company or TSB Central Board and which must be convened by the Custodian Bank upon a requisition in writing by Registered Holders who between them are registered as holding one-tenth or more of all the interim rights provided that it receives such funds, indemnity and/or security against the costs of summoning and holding the meeting as it may reasonably require. Any resolution passed at such a meeting will bind all Registered Holders. Rights and restrictions similar to those applicable in the case of meetings of shareholders of the Company apply in relation to meetings of Registered Holders.

9. Registered Holders (or the first named in the register, in the case of joint holders) will receive notices of meetings of shareholders of the Company and will be enabled under the terms of the Instalment Agreement to attend, speak and vote at such meetings to the same extent and subject to the same restrictions as if they were shareholders of the Company.

10. A Registered Holder whose registered address is outside the British Islands (as defined in the articles of association of the Company) and who wishes to receive notices of meetings of Registered Holders or of the Company must give the Custodian Bank an address within the British Islands to which such notices may be sent.

11. Registered Holders (or the first named in the register, in the case of joint holders) will receive copies of all reports, accounts and circulars relating to the Company which the Company sends to its shareholders generally. Registered Holders will have the right to inspect the register maintained by the Custodian Bank but will not have the right to obtain copies thereof.

12. The Instalment Agreement contains limitations on the liabilities and duties of the Custodian Bank, the Company and TSB Central Board and provisions indemnifying the Custodian Bank and relieving it from responsibility in certain circumstances.

13. The Custodian Bank, the Company and TSB Central Board may, if they deem it necessary or desirable to do so, amend the Instalment Agreement without the consent of the purchasers in order to cure any ambiguity, defect or manifest error or to make any formal, minor or technical modification or in any manner (including, without limitation, to facilitate dealings and/or settlement on The Stock Exchange) which would not in their opinion materially prejudice the interests of purchasers.

14. Purchasers may be required to execute or furnish documents in order to comply with tax or other requirements in respect of their interim rights and/or the related shares. Except as specified in the Instalment Agreement, each purchaser is responsible for all taxes, duties and governmental charges and expenses which may become payable in respect of his interim rights or related shares. Therefore, if any of the same are paid or payable in the first instance by the Custodian Bank as holder of the shares, the purchaser must pay the same to the Custodian Bank upon request. Failure to do so may result in the sale of some or all of the purchaser's interim rights or related shares.

15. Provisions equivalent to those contained in Clause 7 of the memorandum of association of the Company described in outline in Section 5 of Part XI, which generally seek to prevent any person from being interested in more than 5 per cent. of the voting share capital of the Company, are incorporated in the Instalment Agreement and apply to interests in interim rights. Consequently, if any person believed to be interested or deemed to be interested in interim rights does not provide information about, or reduce his interests in, interim rights in accordance with those provisions, the Registered Holder of those interim rights may be prevented from receiving the related shares, or exercising voting rights in respect of or transferring those interim rights (otherwise than for the purpose of reducing his interests in accordance with those provisions), or some or all of his interim rights may be sold on his behalf as set out in the Instalment Agreement. If interim rights are so sold, the proceeds of sale, without interest and following deduction of the costs and expenses of sale, will be paid to the former Registered Holder upon surrender of the Custodian Bank of the relevant interim certificate or other temporary document of title in respect of the interim rights so sold.

16. Registered Holders will receive notice of any change of Custodian Bank.

4. AVAILABILITY OF THE LISTING PARTICULARS

Copies of this document, which comprises the listing particulars relating to the Company, may be obtained from, or inspected at:

All branches in the UK, the Channel Islands and the Isle of Man of the TSB banks and Lloyds Bank Plc, all branches in Scotland of Bank of Scotland and all branches in Northern Ireland of Northern Bank Limited.

The stockbrokers to the offer for sale listed in Part II.

The underwriters listed in Section 16(c) of Part XI.

The Regional Co-ordinators listed in Section 5 below.

The local stockbrokers listed in Section 5 below.

The listing particulars will be published in full in the *Financial Times*, *The Times* and the *Daily Telegraph* on Tuesday, 16th September, 1986.

5. DEALING AND SETTLEMENT ARRANGEMENTS

Applicants allocated shares under the offer for sale will be sent a renounceable letter of acceptance, which is a temporary document of title, in respect of those shares. It is expected that dealings on The Stock Exchange will begin on Wednesday, 8th October, the dealing day following that on which letters of acceptance are expected to be posted. Dealings in letters of acceptance will be for settlement on the next dealing day. Dealing instructions will be set out in the letter of acceptance. Applicants who deal before receipt of a letter of acceptance will do so at their own risk. They must recognise that their application may not have been accepted to the extent they expected or at all. The timetable for dealing and settlement arrangements on The Stock Exchange and for paying the second instalment is expected to be as follows:

Date	Dealings commence.
8th October, 1986	Latest time for splitting of letters of acceptance.
3.00 p.m. on 12th November, 1986	Latest time for registration of renunciation of letters of acceptance.
3.00 p.m. on 14th November, 1986	Entitlements to shares will be transferable by delivery of a completed instrument of transfer, together with the original letter of acceptance, a renounceable letter of acceptance which has been received by the receiving bank or an initial interim certificate.
After 3.00 p.m. on 14th November, 1986	Latest time for payment of second instalment.
10th July, 1987	Settlement of bargains will be by delivery of a combined interim certificate and call notice to pay the second instalment.
After 10th July, 1987	Record date for despatch of combined interim certificates and call notices to pay the second instalment.
15th July, 1987	Despatch of combined interim certificates and call notices to pay the second instalment commences.
30th July, 1987	Latest time for payment of second instalment.
3rd September, 1987	Record date for despatch of definitive certificates.
4th September, 1987	Despatch of definitive certificates commences.
3.00 p.m. on 8th September, 1987	Latest time for payment of second instalment.
11th November, 1987	Record date for despatch of definitive certificates.
25th November, 1987	Despatch of definitive certificates commences.

STAMP DUTY AND STAMP DUTY RESERVE TAX

TSB Central Board is advised, and the Inland Revenue has confirmed, that:

- no stamp duty or stamp duty reserve tax will be payable on the issue of renounceable letters of acceptance;
- no stamp duty or stamp duty reserve tax will be payable on a transfer of such a letter of acceptance pursuant to an agreement entered into before the date on which the rule of The Stock Exchange that prohibits a person from carrying on business as both a broker and a jobber is abolished (expected to be 27th October, 1986);
- the purchaser of rights to shares represented by a letter of acceptance on or before the latest time for registration of renunciation pursuant to an agreement entered into on or after the date referred to in (b) above will be liable to stamp duty reserve tax at the rate of $\frac{1}{2}$ per cent. of the actual consideration paid; and
- the transfer on sale of a letter of acceptance or interim certificate after the last date for registration of renunciation will be subject to ad valorem stamp duty (or, if an unconditional agreement to transfer such a document is not completed by a duly stamped transfer within two months, stamp duty reserve tax) at the rate of $\frac{1}{2}$ per cent. of the consideration paid, without regard to the liability assumed in respect of the second instalment.

No stamp duty or stamp duty reserve tax will be payable on the registration of renounced letters of acceptance.

Any stamp duty on the transfer of shares by the Custodian Bank to the persons entitled thereto under the Instalment Agreement will be paid by the Company on behalf of TSB Central Board out of the proceeds of the offer for sale.

SPECIAL DEALING ARRANGEMENTS

The Regional Co-ordinators and other local stockbrokers listed below will effect sales and purchases of shares or entitlements thereto on instructions given at any of their offices at not more than the following rates of commission until 30th September, 1986:

SALES	Commission	PURCHASES	Commission
Value Below £300	1.65%	Value Below £300	1.65%
£300 to £424	£7	£300 to £606	£10
£425 to £7,000	1.65%	£607 to £7,000	1.65%

plus value added tax, and, on purchases, stamp duty or stamp duty reserve tax (if applicable). Dealings in larger amounts will not be subject to these special arrangements.

REGIONAL CO-ORDINATORS

BELFAST Jasias Cunningham & Co. 3 Bridge Street, Belfast BT1 1NX. Tel: (0232) 246005	BIRMINGHAM Albert E. Sharp & Co. Edmund House, 12 Newhall Street, Birmingham B3 3ER. Tel: 021-236 5801	GLASGOW Gibson & Co. Ltd. PO Box 115, 100 West Nile Street, Glasgow G1 3QU. Tel: 041-332 8791	LIVERPOOL Charterhouse Tilney 385 Sefton House, Exchange Buildings, Liverpool L2 3NH. Tel: 051-236 0000
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GLASGOW Gibson & Co. Ltd. PO Box 115, 100 West Nile Street, Glasgow G1 3QU. Tel: 041-332 8791	GLASGOW Gibson & Co. Ltd. PO Box 115, 100 West Nile Street, Glasgow G1 3QU. Tel: 041-332 8791	GLASGOW Gibson & Co. Ltd. PO Box 115, 100 West Nile Street, Glasgow G1 3QU. Tel: 041-332 8791	NEWCASTLE Wise Speke & Co. Commercial Union House, 39 Pilgrim Street, Newcastle upon Tyne NE1 6RQ. Tel: 091-361 1200
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Winchester SO23 8BJ.
Tel: (0962) 52362

YORK
Hanson & Co.
4 Lendal,
York YO1 2AD.
Tel: (0974) 23085

- A final share certificate will be sent to you after payment of the second instalment.**

**OR TAKE IT BY HAND TO ARRIVE NOT LATER
THAN CLOSE OF BUSINESS ON TUESDAY, 23RD SEPTEMBER, 1986
to any TSB branch.**

Letters of acceptance, cheques and other correspondence will be sent to the address in Box 3.

TSB GROUP																																																		
<p>TSB bank customers who registered for priority by 5th September, 1986 are eligible to apply on a pink Customer Priority Application Form.</p>																																																		
<p>I/We offer to purchase See Note 1 <div style="border: 1px solid black; width: 150px; height: 20px; margin: 0 auto;"></div> ordinary shares</p> <p>in TSB Group plc at 100p per share on and subject to the Terms and Conditions set out in the Prospectus dated 12th September, 1986</p> <p>and I/we attach a cheque or bankers' draft for the amount now payable of See Note 2 <div style="border: 1px solid black; width: 150px; height: 20px; margin: 0 auto; text-align: center;">£</div></p> <p><small>PLEASE USE BLOCK CAPITALS</small></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"><small>Mr Miss Miss or Title</small></td> <td style="width: 70%;"><small>Forename(s) (in full)</small></td> <td style="width: 10%; text-align: center;"><small>See Note 3</small></td> </tr> <tr> <td colspan="2"><small>SURNAME</small></td> <td style="text-align: center;"><div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto;"></div></td> </tr> <tr> <td colspan="2"><small>ADDRESS (in full)</small></td> <td></td> </tr> <tr> <td colspan="2"><div style="border: 1px solid black; height: 20px;"></div></td> <td></td> </tr> <tr> <td colspan="2"><div style="border: 1px solid black; height: 20px;"></div></td> <td></td> </tr> <tr> <td colspan="2"><div style="border: 1px solid black; height: 20px;"></div></td> <td></td> </tr> <tr> <td colspan="2"><small>POSTCODE</small></td> <td></td> </tr> </table> <p>I/We hereby declare that this is the only application for shares made by me/us (or on my/our behalf) and for my/our benefit on a Public Application Form.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"><small>DATED</small></td> <td style="width: 70%;"><small>SIGNATURE</small></td> <td style="width: 10%; text-align: center;"><small>See Note 4</small></td> </tr> <tr> <td style="text-align: center;">September, 1986</td> <td><div style="border: 1px solid black; height: 20px;"></div></td> <td style="text-align: center;"><div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto;"></div></td> </tr> </table> <p>→ <input type="checkbox"/> PIN HERE YOUR CHEQUE/BANKERS' DRAFT FOR THE EXACT AMOUNT SHOWN IN BOX 2 MADE PAYABLE TO "TSB SHARE OFFER" AND CROSSED "NOT NEGOTIABLE" See Note 5</p>	<small>Mr Miss Miss or Title</small>	<small>Forename(s) (in full)</small>	<small>See Note 3</small>	<small>SURNAME</small>		<div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto;"></div>	<small>ADDRESS (in full)</small>			<div style="border: 1px solid black; height: 20px;"></div>			<div style="border: 1px solid black; height: 20px;"></div>			<div style="border: 1px solid black; height: 20px;"></div>			<small>POSTCODE</small>			<small>DATED</small>	<small>SIGNATURE</small>	<small>See Note 4</small>	September, 1986	<div style="border: 1px solid black; height: 20px;"></div>	<div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto;"></div>	<p style="text-align: center;"><small>FOR OFFICIAL USE ONLY</small></p> <p><small>I. ACCEPTANCE NO.</small></p> <div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto;"></div> <p><small>II. SHARES ACCEPTED</small></p> <div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto;"></div> <p><small>III. AMOUNT RECEIVED</small></p> <div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto;"></div> <p><small>IV. AMOUNT PAYABLE</small></p> <div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto;"></div> <p><small>V. AMOUNT RETURNED</small></p> <div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto;"></div> <p><small>VI. CHECKER NO.</small></p> <div style="border: 1px solid black; width: 100px; height: 20px; margin: 0 auto;"></div>																						
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Based in Brentford, the International Division Secretariat provides legal, secretarial and some administrative support services to BRI's operations.

In this key appointment which requires some overseas travel, you will have wide-ranging responsibilities including negotiating and drafting commercial agreements, providing a general advisory service, liaising on trademark, patent and insurance matters, and servicing committees.

A solicitor or barrister with several years' relevant experience gained preferably, but not essentially, in the pharmaceutical or an allied industry, you should possess the personality and stature to establish your credibility quickly and play a valuable role in our success. You should be used to working in a multidisciplinary team and your ability to analyse problems and provide clear, constructive and practical guidance is more important than encyclopaedic legal knowledge. We will provide an attractive salary and benefits package including car and non-contributory pension.

Please write with full personal, salary and career details and indicating how you can meet these requirements to the Personnel Controller, International Division, Beecham Pharmaceuticals, Beecham House, Great West Road, Brentford, Middlesex TW8 9BD.

Beecham
Pharmaceuticals

PROPERTY

PARTNERSHIP

stuck on £25-30,000?
deserve £60,000+?

Major practice, located City, wants to satisfy experienced solicitors or partners whose potential and ambition are frustrated. The posts are open to solicitors aged under 40 years with excellent technical skills who feel able to contribute to the practice's substantial, planned growth. Solicitors earning £25-45,000 who can justify a substantial increase in rewards should contact Ashley Balls at Reuter Simkin to discuss the appointment in detail. All conversations will be treated in the strictest confidence and no disclosure will be made to our client without specific consent.

To discuss your career in the context of this advertisement contact Ashley Balls, Director, Reuter Simkin Limited, 28-28 Bedford Row London WC1R 4BE. Tel: 01-405 6852

REUTER SIMKIN

LONDON • LEEDS • WINCHESTER
RECRUITMENT AND MANAGEMENT CONSULTANTS

British Steel Corporation

COMMERCIAL LAWYER

We seek a young commercial lawyer to join our well-established Legal Department in London.

This challenging post offers the opportunity to gain extensive professional experience with a demanding workload covering all aspects of commercial and company matters with some international content. Some travel will be required.

The successful candidate will be a barrister or solicitor with one to five years' relevant experience in either private practice or in a company legal department.

Salary will be commensurate with age and experience and supported by a range of large-company benefits.

Please send full details of qualifications, career and current salary to Miss E M Chailier, Senior Personnel Officer, British Steel Corporation, 9 Albert Embankment, London SE1 7SN.

STEPHENS & SCOWN

ARE YOU UNDER THE ILLUSION THAT A MEANINGFUL CAREER CAN ONLY BE PURSUED IN A MAJOR CENTRE?

Before you commit yourself why not think of an environment where committing can be minimal, housing costs are reasonable, local education is excellent and the working environment is pleasant. We, at one of the leading firms in the west country with offices in St. Austell, Exeter, Looe, Torquay and Truro, are committed to further major expansion in this area. We have recently appointed a partnership administrator and are pursuing a significant development programme for our staff. As part of this we are offering a number of exciting opportunities to applicants of the right calibre.

Openings exist at all our offices in the following fields:-

1. Civil Litigation at both St. Austell and Exeter.
2. Commercial and/or Agricultural Law at Exeter.
3. Matrimonial at Exeter.
4. Articled Clerks at all offices.

For the right applicants career prospects are good (Over the last 20 years there has been a net gain of 14 partners in the firm) in the meantime we pay first class salaries. Why not make further enquiries?

Please apply in writing to:

Mr D L Denton,
Partnership Administrator,
Stephens & Scown,
3 Cross Lane, St. Austell, PL25 4AX
Telephone 0726-74433.

HAMPSHIRE MAGISTRATES' COURTS COMMITTEE

CLERK TO THE COMMITTEE
£27,105 - £29,958

Applications are invited for this newly-created post which will come into being on 1 April 1987. Hampshire, with nearly 900 Magistrates and eighteen PSDs, is grouped under seven Justices' Clerks. The Clerk to the Committee, with the assistance of five staff, will be the Committee's Professional Adviser responsible for the administration of all Committee business including Finance, Premises, Personnel, Computer Development and the Training of Magistrates and Staff.

The Committee seeks a full-time officer, professionally qualified, with not less than five years experience as a Justices' Clerk. Re-organisation of the administration of Magistrates' Courts is in progress, as is Computerisation and the creation of a Professionally Qualified Court Service. Applicants should be able to plan, direct and control an effective and efficient Magistrates' Courts Service in the County.

Relocation expenses up to £3,000 plus removal and disturbance allowances are payable. Closing date for applications is 8 October 1986 and interviews will be held on 28 and/or 29 October. The Job Description and further details are available from:

The Deputy Clerk, Hampshire Magistrates' Courts Committee
The Law Courts, Winston Churchill Avenue,
Portsmouth, Hants. PO1 2DQ
Telephone (0705) 864914

MERTON MAGISTRATES COURTS COMMITTEE WIMBLEDON MAGISTRATES COURT

TRAINEE COURT CLERK

(Salary upto £7,848 inc. for professionally qualified applicants)

Applications are invited from Barristers, Solicitors or those who have passed the appropriate professional examinations, wishing to pursue a career in the magistracy service and who are willing to undertake a wide range of duties in a justices' clerk office.

The person appointed will be based at Wimbledon and will join a young forward looking and professional team. Commencing salary will be dependent upon age, qualifications and experience. The appointment will be supernumerary and subject to the JNC conditions of service for magistracy court staff.

Application forms may be obtained from the address below and should be returned to the undersigned by the 26th September 1986.

E. Packer
Clerk to the Committee
Kings House
1A Kings Road
London SW19 8LW
Telephone 01-543 4145

Commercially-minded, young

Solicitor

for international commerce
from £20,000+car

This outstanding career opportunity will appeal to a business-oriented solicitor who seeks challenge, autonomy and responsibility in a dynamic, international environment. It arises within the European headquarters of one of the world's largest private corporations whose interests are diverse and whose growth record is spectacular.

As deputy to the Head of the Legal Department—and after induction training in the USA and Switzerland—you will be a key member of the corporate team and will be involved in a broad spectrum of commercial matters with a

strongly international bias.

To qualify, you must have an outstanding academic record with at least one year's post-qualification experience in a quality commercial practice, ideally in the City. Self-motivated with above-average communication skills, you have the self-confidence and maturity to work effectively at all levels in the organisation.

The salary will be geared to attract high-calibre candidates and will be supported by excellent benefits.

PA

Please send full cv, in confidence, to M.A. Stockford, Ref: PF57/1023/TT.

PA Personnel Services

Executive Search-Selection-Psychometrics-Remuneration & Personnel Consultancy

Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
Tel: 01-235 6060. Telex: 27874

Third Man

Commercial Law Consultancy

Aged around 30 Initially c. £30,000

My client is an unusual 2-man professional partnership which advises an important and international clientele on commercial law. The present partners have the unique advantage of youth as they are both under 35 and a flexible yet commercially pragmatic approach which their size and philosophy allows. As they are now popular and profitable they seek a potential third partner, a qualified solicitor who will combine City skills, an international approach, strengths in commercial work and possibly, although not essentially, experience in litigation. Personality will be very important. The attraction will be the idea of working as part of a small and lively team.

Male and female candidates should apply in confidence, with full written details, quoting reference 2155 to Mrs I. Brown, Corporate Resourcing Group Limited, 6 Westminster Palace Gardens, Artillery Row, London SW1P 1RL.

Corporate Resourcing Group

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MEET THE CHALLENGE

Philip Morris has been established in Lausanne since 1964 and currently employs approximately 500 people. Our Regional Headquarters, covering mainly the cigarette business for the EEC Region, is looking for a

LAWYER

to provide legal services in the field of trademarks and other areas of law. Reporting to a senior attorney in the Legal department, his main responsibilities will consist of:

- assisting in legal activities, particularly in the area of trademark infringement;
- coordinating trademark application and opposition activities with other units of the Philip Morris Group;
- participating in our trademark clearance process for new brand development;
- handling matters of a non-trademark nature.

Aged between 25-40, our ideal candidate has a Law Degree and at least 2-3 years' experience in dealing with legal matters. Previous exposure to trademark law and practice is an asset but is not essential. Fluency in English required and a knowledge of French and especially German is highly desirable.

This position offers you a real opportunity to practice law in a dynamic business environment. We are a large and successful company which provides first-class employment conditions. If you are holder of a valid Swiss work permit or Swiss citizen, please send your curriculum vitae in confidence to J.-D. Moos, Personnel Department.

PHILIP MORRIS EUROPE S.A.
EEC REGION
Brilliant 4
Case Postale
1001 Lausanne / Switzerland

PHILIP MORRIS
EUROPE S.A.

EEC REGION
Brilliant 4, case postale
1001 Lausanne



DEACONS LITIGATION SOLICITOR

We need a recently qualified solicitor to join our large and expanding Litigation Department.

The post calls for someone who is prepared to handle all forms of civil litigation (excluding matrimonial) and who is prepared to work under pressure.

Salary will be according to experience but will be highly competitive. Additional benefits include medical insurance, annual return flights to the U.K. and a substantial gratuity.

It is expected that interviews will take place in London in early October 1986.

Please apply with full cv, giving telephone number to:

Partnership Secretary
Deacons, 3rd-7th Floors
Alexandra House, Hong Kong

ROYAL AIR FORCE LEGAL OFFICERS

A Selection Board will be held shortly to recruit officers for the RAF Legal Branch.

Applications are invited from barristers or solicitors aged between 28-32 who have experience in criminal and family law and in advocacy.

Successful candidates will be commissioned in the rank of Flight Lieutenant at a salary commencing at £31,555* Subject to satisfactory service, officers on a permanent commission will normally have a career to age 60 with time promotion to the rank of Wing Commander. Promotion beyond that rank is by selection.

Initially officers will serve in

London but opportunities will occur for service abroad on tours of duty for up to three years.

For further information and details of career prospects, write with comprehensive cv to: Air Commodore R. T. Dawson, RAF, Directorate of Legal Services (LC), (08/05/08), LACON House, Theobalds Road, London WC1X 8RY.

*1986-87 pay scales



RAFOFFICER

Opportunities for ARTICLED CLERKS

in Shropshire and West Sussex COUNTY COUNCILS

The above each have an immediate vacancy for an articled clerk to commence in Autumn 1986, in Shrewsbury and Chichester respectively. Starting salary around £6,200.

For further details, please contact either of the undersigned.

Closing date 10th October, 1986.

County Secretary
(FAD Kathleen Jones),
The Shirehall,
Abbey Foregate,
Shrewsbury, SY2 6ND
or telephone
0743-252703

County Secretary
(FAD David Evans),
County Hall,
Chichester, PO19 1TR
or telephone
0243-777901

WANTED URGENTLY

Conveyancer with agricultural and commercial experience for Peak District practice.

Salary negotiable.

Please Robert Wright on 0452 (0244) 2741 or write to 4 The Quadrant, Buxton, Derbyshire SK17 6AW.

LEGAL ASSISTANT. French & English. Limited to the on demand holding company of the construction industry of C.H. Benson (Holdings) PLC, operating in the UK and overseas from its head office at Tremors Hall in rural Bedfordshire. The Company Secretary now wishes to appoint a young solicitor to join the department which provides a legal secretarial service to the company in the division. The candidate will be expected to deal with a broad range of legal matters including contract, company, commercial, property and conveyancing law. The position offers a competitive salary, company car, and fringe benefits. Further personal and professional development opportunities are available. To apply, please contact: Mr J.M. Shaw, P.O. Box 227, Tremors Hall, Bedfordshire, SG19 2SD. Tel. 0767 41755.

LEGAL APPOINTMENTS

LAWYER

International oil industry London

Mobil North Sea Limited is the UK subsidiary of one of the world's leading oil companies, responsible for the exploration and production of hydrocarbons in the UK. It has substantial interests (both in an operating and non-operating capacity) in the UK, including the Beryl field, and is committed to continuing its extensive exploration and production activities in the UK.

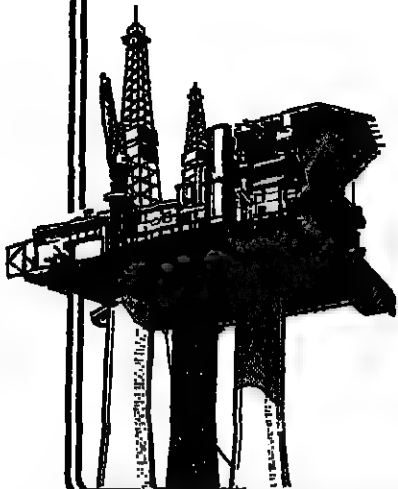
The company wishes to appoint a lawyer (who may be a solicitor or barrister, qualified in England or Scotland) to work in the Office of General Counsel, which is responsible for advising the company on all matters involving the application of law, whether English, Scottish, US or International. Having an unusually wide portfolio, the Office of General Counsel is also involved in the drafting and negotiation of agreements to which the company is party, and contributes to the development of company policies and strategies. Opportunities to work abroad may develop.

Candidates should either have between 4-6 years' broadly-based commercial experience in industry or private practice, and want to develop their careers in the international oil and gas business, or already have experience as oil and gas lawyers, probably in their 30s, and be keen to move to one of the UK's largest and most successful oil companies. Professional excellence, the capacity for hard work and an ability to relate to people with diverse backgrounds are essential.

The right candidate will be offered a highly competitive salary package with attractive large-company benefits including an excellent company car scheme and, if appropriate, assistance with relocation.

Applications, enclosing detailed CV, should be sent in confidence to Miss E. Farrelly, Employee Relations Department, Mobil North Sea Limited, Mobil Court, Clements Inn, London WC2A 2EB.

Mobil



CLYDE & Co

Commercial Conveyancing

We are a medium-sized firm, whose clients include a wide range of foreign and UK companies engaged in shipping, insurance and a variety of other commercial activities. Our conveyancing department handles the property affairs of these clients. It also acts for companies engaged in the development of commercial and residential property and for private individuals. As a result of expansion we need to recruit a solicitor to assist in this type of work in our London office.

Applicants should be newly qualified or have been qualified for up to 3 years with experience of conveyancing preferably acquired in a substantial practice.

We offer stimulating work in a friendly office with a competitive salary and exceptionally good prospects. If you have a good academic record, commercial flair, an appetite for hard work and a sense of humour, telephone our Consultant, Mrs. Indira Brown, with details of your background, Corporate Resourcing Group, 6 Westminster Palace Gardens, Artillery Row, London SW1P 1RL, quoting reference 2157. Telephone 01-222 5555, or, if you prefer, at home between 8 p.m. and 9 p.m. 01-480 6666.

Commercially-minded, young

Solicitor

for international commerce
from £20,000+car

This outstanding career opportunity will appeal to a business-oriented solicitor who seeks challenge, autonomy and responsibility in a dynamic, international environment. It arises within the European headquarters of one of the world's largest private corporations whose interests are diverse and whose growth record is spectacular.

As deputy to the Head of the Legal Department — and after induction training in the USA and Switzerland — you will be a key member of the corporate team and will be involved in a broad spectrum of commercial matters with a

strongly international bias.

To qualify, you must have an outstanding academic record with at least one year's post-qualification experience in a quality commercial practice, ideally in the City. Self-motivated with above-average communication skills, you have the self-confidence and maturity to work effectively at all levels in the organisation.

The salary will be geared to attract high-calibre candidates and will be supported by excellent benefits.

Please send full CV, in confidence, to M.A. Stockford, Ref: PF57/1023/TT.

PA Personnel Services

Executive Search/Selection/Personnel/Recruitment/Personnel Consultancy

Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
Tel: 01-235 6060 Telex: 27874

BADENOCH & CLARK

COMMERCIAL LITIGATION CITY

Our client, a major City firm with a continually expanding client base is seeking a number of first rate solicitors to augment the current team of lawyers. Candidates will be bright, ambitious and must demonstrate the ability to undertake a demanding caseload and work well under pressure. Good academic backgrounds and proven experience are essential.

MERCHANT BANKING

UK Merchant Bank seeks highly qualified solicitors, keen to make a career move into one of the following areas: Capital Markets, Corporate Finance, Corporate Banking. Applicants must have excellent academic credentials and have served Articles with a substantial London practice. Post-qualification experience in the company/banking department of a top city firm is an obvious advantage.

For details of these and other positions, please contact Judith Farmer or John Cullen.

Legal and Financial Recruitment Specialists
16-18 New Bridge St, London EC4V 6AU Telephone: 01-583 0073

COMMERCIAL PROPERTY EC1

This leading city firm is currently seeking to recruit a young solicitor to the busy property department. Ideally candidates will have up to 18 months post admission experience, although bright newly qualified solicitors with enthusiasm and a good academic background will be considered. Highly competitive salary.

CORPORATE TAX ASSISTANTS

Our client is a small legal firm with two vacancies for enthusiastic and creative young Solicitors. Candidates must have one to two years' post admission experience and must wish to specialise in tax planning and related work, handling Trusts, capital taxation and drafting. For more experienced candidates, there will be partnership prospects. (Ref: 594)

For details of these and other positions, please contact Judith Farmer or John Cullen.

Legal and Financial Recruitment Specialists
16-18 New Bridge St, London EC4V 6AU Telephone: 01-583 0073

SOLICITORS WITH A COMMERCIAL APPROACH

£17,000 to £26,000

One of the UK's largest companies seeks to recruit two further experienced commercial lawyers to work in its City HQ. The recruitment is as a result of continuing expansion and commercial development worldwide.

There is a wide range of high quality and interesting work available. It will include the provision of advice to senior management and negotiating acquisitions and sales of public and private companies at home and abroad; finance transactions; joint ventures, distributorship and general commercial contracts and advising on competition and fair trading and intellectual property law.

The successful candidates will enjoy considerable independent responsibility, consequently applications are sought from lawyers having ideally 2 years or more qualified experience gained in a leading practice or in industry.

To discuss this opportunity further, please call: Peter Williams or Jane Hagar on 01-405 6852 or write to them at: Reuter Simkin Limited, 26-28 Bedford Row, London WC1R 4BE. Ref: PW/C220.

REUTER SIMKIN
LONDON • LEEDS • WINCHESTER
RECRUITMENT & MANAGEMENT CONSULTANTS

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Newly Qualified Solicitor-to join a team

At Rowe & Maw we have a very personal approach to our clients' needs. We have therefore created in our property department a number of small partner-led teams to provide the service and a congenial working environment.

One of these teams has a vacancy for a young solicitor.

The position will ideally suit a newly qualified

solicitor who would like to specialise in this area and to develop an expertise in all aspects of commercial property work.

Terms and conditions are those you expect from a progressive firm.

To arrange an early discussion, please write with a CV to: Graham Turner, Rowe & Maw, 20 Black Friars Lane, London EC4V 6HD.

ROWE & MAW

TITMUSS, SAINER & WEBB COMMERCIAL PROPERTY

We need to recruit as soon as possible several Solicitors to assist in our rapidly expanding Commercial Property Department. Candidates should have at least two years admitted experience, senior assistants of greater experience are also required.

We offer a wide variety of work and a friendly working atmosphere.

Salaries are competitive and supported by an excellent benefits package.

Apply in strict confidence to Michael Garland either in writing or by telephone on 01-353-5242.

TITMUSS, SAINER & WEBB
2, Serjeants' Inn
London EC4Y 1LT

HARBOTTLE & LEWIS

We are seeking a new solicitor to join our litigation department. The work is varied although mainly commercial with an entertainment bias. The ideal candidate will be newly qualified, have a good academic background and some experience of commercial litigation during articles, and enjoy personal client contact. If you are interested, please write to:

G Tyrrell
Harbottle & Lewis
34 South Molton Street
LONDON W1Y 2BP

Commercial Litigation London

Newly qualified Solicitor with good litigation experience to join the legal department of a well-known construction company. Previous construction experience useful but not essential.

Please send personal details to Michael Chambers, Chambers & Partners, Recruitment Consultants, 74 Long Lane, London EC1A 9ET.

CHAMBERS & PARTNERS

LEGAL/TAX EDITOR

Croner Publications Limited, members of a dynamic European group in the forefront of information publishing and training, seek a legally or accountancy trained person who can edit tax and law looseleaf publications aimed at business people.

A straightforward and practical approach to the law and tax matters is required, together with an ability to write simply and clearly to tight deadlines.

The person appointed must enjoy working as a meticulous desk editor in a highly motivated commercial environment and be able to cut through to the heart of a problem unaided.

Previous publishing experience is desirable but not essential.

A competitive salary and benefits package will be offered.

Please apply in writing with a full CV to: Janet Addis, Personnel Officer.

Croner Publications Ltd,
Croner House,
173 Kingston Road,
New Malden, Surrey,
KT3 3SS.



LUCAS AND CO. Twickenham and Battersea

seek an ambitious young Solicitor with at least 1 years post qualification experience or an experienced Legal executive to assist in a substantial domestic conveyancing practice incorporating property sales centres of an Estate Agency nature. Ability to work under pressure and an interest in this new dimension of legal practice can be rewarded with attractive salary and excellent prospects.

Please apply 01-924 3020
Ref: PHB.

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One of our partners specialising in professional indemnity work needs an assistant.

If you have been admitted for up to 3 years, have good academic qualifications, an outgoing personality and an interest in this type of work, please submit a detailed curriculum vitae.

Colin P. Ellis,
Partnership Secretary,
Reynolds Porter Chamberlain,
Chichester House,
278/282 High Holborn,
London, WC1V 7HA
REF: PIW

Conveyancing London W1

Wright Webb Sykes require energetic young solicitor or possibly someone about to qualify, for their Conveyancing/Probate Department.

Good salary, demanding and varied workload.

TEL: 01 439 3111
Ref: MA

HENRIQUES GRIFFITHS & CO BRISTOL

Young expanding firm requires Solicitor able to undertake an increasing commercial conveyancing workload (with small amount of probate).

Competitive salary package and partnership prospects for person with at least two years' post-qualification experience.

Please apply with CV to: Mr. M.W. Griffiths, The Old Vicarage, 18 Portland Square, Bristol BS2 1SJ.

Tel: 0272 428257

SUPERB OPPORTUNITY

For energetic Solicitor (at least 3 years admission) to take over and expand a small South-East practice which is associated with a London firm.

A fine blend of effort (before recent) to develop the practice and an early partnership would be available for the right person. A realistic salary plus benefits is offered. Please phone:

01-427 3071
And ask for Reference 12 or

Write to BOX 948.

CONVEYANCER: Midland Small office, Deputy or responsible. Salary £12,500. West Essex. Consultants 0936 26183.

ASSISTANT SOLICITOR: Antelope 27-32, Bedford General Practice work. £12K. West Essex. Consultants 0936 26183.

LEGAL EXECUTIVE: Allen, Cundy & Co. City office. General practice with small but busy firm. £10K. West Essex. Consultants 0936 26183.

ASSISTANT SOLICITOR: 0936/26183. Partnership, Matrimonial and General. £12K. West Essex. Consultants 0936 26183.

CONVEYANCER: Under 35, Part-time. £12K. West Essex. Consultants 0936 26183.

YOUNG LITIGATOR: Devon. Ad hoc. £12K. West Essex. Consultants 0936 26183.

CONVEYANCER: Under 35, Part-time. £12K. West Essex. Consultants 0936 26183.

PROBATE SOLICITOR: Under 30. £10K. West Essex. Consultants 0936 26183.

ASSISTANT SOLICITOR: Under 30. £10K. West Essex. Consultants 0936 26183.

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High quality taxation/trust matters at leading Private Client City practice. Excellent prospects for intellectually able lawyers.

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Commercial/Residential mixture at well respected City practice for calibre Conveyancer of up to two years post qualification experience. Good prospects.

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Staff specialists in the legal profession worldwide
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As a result of the ever increasing demand for its services, Employers' Protection Advisory Services (a member of The Legal Protection Group) has a vacancy for a Legal Adviser at its Southern area branch, to represent clients at industrial tribunals and to provide industrial relations advice.

This position, which is based at Sutton, carries an attractive salary plus car, and would suit a highly-motivated, self-reliant Solicitor with some experience in litigation and industrial relations, or someone with a Personnel background and experience in industrial relations.

Please apply with relevant career details to:

Mrs. L.M. Young,
The Legal Protection Group,
Thames House,
31-35, St. Nicolas Way,
Sutton, Surrey SM1 1JB.

SOLICITORS/LEGAL EXECUTIVES

We have a vacancy for a Solicitor or Legal Executive to join our team. Salary and benefits to suit. Please apply to: Mr. J. H. Jones, 100, The Quadrant, Sutton, Surrey SM1 1JB.

WESTWARD: Mr. Young Solicitors required for a variety of Conveyancing work in Sutton and General Law. Please apply to: Mr. J. H. Jones, 100, The Quadrant, Sutton, Surrey SM1 1JB.

MRS. CALDER: Conveyancer and Probate. Partnership work. Salary and benefits to suit. Please apply to: Mr. J. H. Jones, 100, The Quadrant, Sutton, Surrey SM1 1JB.

CONVEYANCER: Under 35, Part-time. £12K. West Essex. Consultants 0936 26183.

YOUNG LITIGATOR: Devon. Ad hoc. £12K. West Essex. Consultants 0936 26183.

CONVEYANCER: Under 35, Part-time. £12K. West Essex. Consultants 0936 26183.

PROBATE SOLICITOR: Under 30. £10K. West Essex. Consultants 0936 26183.

ASSISTANT SOLICITOR: Under 30. £10K. West Essex. Consultants 0936 26183.

ASSISTANT SOLICITOR: Under 30. £10K. West Essex. Consultants 0936 26183.

LOCUM SERVICE

Locum Solicitors & Legal Executives Available COUNTRYWIDE

01-248 1139

ASA LAW

We welcome enquiries from prospective Locum

ASA LAW LOCUM SERVICE

87 LUDGATE ST, LUDGATE HILL, LONDON EC4M 7JG

EAST SUSSEX: Sole Practitioner

dividing practice to assist in

practice. Maternity practice. Work

initially but applicants should

have had not less than three years post qualification

experience. Applicants must be

able to work full time or part time

and undertake administrative duties.

Interested Applicants should write to: Mr. J. H. Jones, 100, The Quadrant, Sutton, Surrey SM1 1JB.

For more particulars see

phone 0292 852 2004

PERSONAL COLUMNS

All classified advertisements can be accepted by telephone (except Announcements). The deadline is 5.00pm 2 days prior to publication (ie 5.00pm Monday for Wednesday). Should you wish to send an advertisement in writing please include your name, address, telephone number, and a daytime contact number. If you have any queries or problems relating to your advertisement once it has appeared, please contact our Customer Services Department by telephone on 01-661 4100.

ANNOUNCEMENTS
SUSAN and DAVID Bernstein. Satisfactory result first quarter.

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FINE and oak furniture for sale. Good selection. Advertisements also for sale. Please contact your dealer. Tel: 01-261 0127.

ACKNOWLEDGMENTS
MRS. EDITH (LUCY) KIRKLAND of Jarrow, thanks to many friends and colleagues of Peter for their kind letters and cards. These were so reassuring and will serve as a token of her deep appreciation.

SERVICES
FOR A REGULAR part-time home cleaning service for reliable, experienced cleaners. Tel: 01-261 0127.

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CONVEYANCING by fully qualified solicitors. Tel: 01-261 0127.

WANTED
2 PROF. FEMALE NURSES. Tel: 01-261 0127.

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British Heart Foundation
The heart research charity. Tel: 01-261 0127.

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RACING: CECIL'S IMPRESSIVE NEWMARKET WINNER CAN UNDERLINE HIS POTENTIAL WITH ANOTHER FLUENT VICTORY

Suhailie looks in different league to Burr Stakes rivals

By Mandarini

Few two-year-olds this season have created a more favourable impression on their debut than Suhailie at Newmarket in July and this highly-promising colt is napped to beat more experienced rivals in the £7,000 Cellman Burr Stakes at Lingfield Park this afternoon.

Word had got around before his first appearance in the Bernard Van Cusem Stakes that this \$310,000 purchase was a colt of exceptional promise and he fulfilled all expectations by beating Orme, with two other previous winners, Wuzo and Sanam, among those behind.

Suhailie was travelling like a winner throughout the race and although he won by only three parts of a length, the official margin gave no indication of his superiority as Steve Caubert was clearly at pains to give the son of Nodouble no harder race than necessary.

Orme, who has since finished a fair fourth to Deputy Governor in Newbury's Washington Singer Stakes, re-appears on 10th better terms and strictly on the book this should be more than enough for him to turn the tables. However, my selection has the greater scope and should have derived sufficient benefit from his Newmarket experience to confirm the form even on today's unfavourable terms.

The rest of the afternoon is likely to belong to Pat Eddery, who can ride a treble on Chorizo (2.0), No Stopping (2.30) and Northern Amethyst (3.30). I particularly like the chance of Chorizo whose debut run behind Tahilla at Bath 13 days ago was full of promise.

Three of the four runners in Yarmouth's Brian Taylor Memorial EBF Stakes are entered for the Cambridgehire and, of this trio, Navarroz meets Chief Pal and Liam on better terms today than he would at Newmarket. However, I still prefer the fourth member of the party, Verdant Boy, who did not have a hard race when winning at Doncaster on Saturday and is not penalized for that ladies' race success.

Richard Hannan, enjoying an excellent season, sends a strong team to the Norfolk course and has bright prospects of a double with High-Land Lymee (2.45) and Marmoset (3.45). The latter's Goodwood victory over Trojan Miss has been franked by the subsequent Kempton victory of the runner-up.

Quantity rather than quality is the order of the day at Redcar, where my principal fancy is Kalamia in the Mulgrave Maiden Stakes. This High Line colt shaped well on his debut behind Bodhead at Wolverhampton and is sure to have improved.



Sheikh Mohammed's promising two-year-old, Suhailie, with Steve Caubert in the saddle. The combination should still be unbeaten after the Burr Stakes at Lingfield Park today

Turf Club uphold appeal against Curragh stewards

From Our Irish Racing Correspondent, Dublin

A panel of acting stewards at the Curragh, the headquarters of Irish racing, have had their controversial Anglesa Stakes decision overturned by the stewards of the Turf Club.

After Pat Eddery's mount, Darcy's Thatcher, the 6-4 favourite, had finished first in the group three race on August 30, the local stewards, who included the former Irish champion jockey, Liam Ward, initiated an inquiry and disqualified the colt, relegating him to third place.

The decision astonished most racegoers. Indeed, bookmakers had been so convinced that the result would be left unchanged that they had not bothered to bet upon the outcome.

What had happened was that the challenge of Darcy's Thatcher had been cut off by the hanging English challenger, Quel Esprit, as he attempted to come between him and Island Reef, who was racing under the stand rails.

Eddery has to snatch his mount up and switch to the outside. As he ranged alongside Quel Esprit he momentarily

ducked to the left and Quel Esprit in turn swerved in on top of Island Reef.

The acting stewards came to the conclusion that Darcy's Thatcher and Quel Esprit were both equally at fault and awarded the race to the Kevin Prendergast-trained outsider, Island Reef.

When the stewards yesterday reviewed the film patrol pictures after trainer Michael Kanez had lodged an appeal, they came to the conclusion that the interference occasioned by Darcy's Thatcher was "unintentional and accidental and did not affect the result".

They also decided that Quel Esprit had likewise occasioned an accidental interference but that in his case the result had been affected. Taking these viewpoints into consideration, they placed Darcy's Thatcher first, Island Reef second and Quel Esprit third.

Pat Eddery will miss the Prix de l'Arc de Triomphe and wait for the Dubai Champion Stakes at Newmarket on October 18, Jim Bolger, the filly's trainer, said yesterday.

Satellite decision soon

A result to the prolonged negotiations for the right to screen televised racing by satellite is expected by the end of the month (Michael Seely writes).

Referring to the complexities of the issues to be resolved, Sir Peter Brabner, chairman of the Racecourse Association, said: "The RCA is determined to protect the integrity of racing, to do its best for independent bookmakers and punters and to have regard to the quality and fairness of the charges made for the services to betting shops."

month we should be in a position to produce a solution giving satisfaction and proper safeguards to all concerned, as well as a reasonable income for racecourses."

General Leng emphasized the need for individual racecourses to have for additional income. "A third of all courses made less than £5,000 a year profit which made refurbishment and redevelopment almost impossible," he said. However, with the prospect of additional income from satellite TV and Racecast, he forecast significant improvements on racecourses in the 1990s.

CYCLING

Manhattan transfer for canny Anderson

From David Duffield, New York

Missus impossible was achieved on Sunday when for the first time a professional cycle race finished on closed roads in Manhattan. The 156-mile race ended with nine laps of a 2 1/2-mile circuit with the finish line outside the United Nations building.

Sponsored by Citibank with \$75,000 (£50,000) in prizes, it also claimed to be the richest single day cycle race on the international calendar. Greg LeMond, the first American winner of the Tour de France, did not collect a cent - retiring from the race after five miles from the start. He claimed to be dehydrated. The damage was caused by the hot sun, lack of drinks towards the end of the race and most of all a blistering performance by Phil Anderson, the Panasonic rider, who took first place.

The race started north of New York at Goshen in Orange County and took a scenic route to the "Big Apple". There were two tough climbs in the first 50 miles. An early break of five riders was chased by Anderson, the Australian, LeMond and Andy Hampsten, the Tour de Switzerland winner. Their efforts regrouped some 40 riders after 54 miles before Anderson attacked again.

The Australian took Ron Kiefl, an American, and Philippe Leleu, rider for Celestial Seasonings/La Vie Claire with him. Leleu was expected to "police" the break for LeMond, his team mate, but the French rider failed dismally as their lead stretched to eight minutes before Anderson attacked again - making the final 36 miles a solo time trial to the finish.

His brave and canny effort enabled him to regain the main bunch, although they were now a lap down on the 2 1/2-mile Manhattan circuit, causing consternation among the officials and bemusement among the mass of spectators lining the route. Although the officials tried to separate Anderson from the bunch, the sheer size of the team meant that a small chasing group of seven riders had no chance to close a 150-second gap on the now protected leader.

TODAY'S FIXTURES

Kick-off 7.30 unless stated

Screen Sport Super Cup

Flint, first leg

Liverpool v Everton

First division

Westford v Manchester U (7.45)

Second division

Shrewsbury v Brighton

Third division

Bournemouth v Chester

Bury v Mansfield

Carlisle v Bradford City

Chesham v Rotherham

Darlington v Newport

Fulham v Bolton

Gillingham v York (8.0)

Port Vale v Notts County

Swindon v Blackpool

Wigan v Walsall (7.45)

Fourth division

Aldershot v Southport

Barnley v Swanssea

Cambridge U v Torquay (7.45)

Cardiff v Newport

Colchester v Harleford

Crewe v Exeter

Orient v Rochdale

Fleetwood v Halifax

Southend v Hereford (7.45)

Full Members Cup

First round

Huddersfield v Blackburn

Ipswich v Plymouth (7.45)

Oxford v Derby

Preston v Crystal Palace

Sunderland v Watford

Scottish first division

Clyde v Arbroath

Dundee v Partick

East Fife v Brechin

Kilmarnock v Dumbarton

Motherwell v Dundee

Morton v Queen of the South

FAC Cup: First qualifying round replay

Barnes v Histon; Boreham v

Barnet; Boreham v Boreham

Gloucester v Walsley; Gloucest

Harrow v Chesham; Luton v Wat

Tottenham v Woking; Watford

Woking v Woking; Woking v

Woking v Woking; Woking v

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Lack of height is familiar problem facing Japanese

Mobility the aim

Britain keep on an even keel for the America's Cup

No cigars or flying boats for the low-profile Cudmore

Crunder II, nicknamed the Hippopotamus, of her unusual underwater shape, returned to the water only a week ago after having two feet lopped off her stern and being fitted with a new wing and rudder. The boat, who returned to Britain today, is not expected to make his final decision until September 31 and both boats will remain in racing trim until the end of the month.

It is not until the end of October when a substitution can be made.

Peter de Savary's high-profile Victory campaign in 1983.

By then, the fall in the value of the Australian dollar had the expected announcement of a major sponsorship deal later this week, together with a promise from ITN to give the more than £1 million coverage during the event. The British team should lift the burden of support from private backers.

The Irishman sees the New York Yacht Club's America II

JAPANESE TOUR PARTY: Backs: D. Murae, S. Mukai, I. Sato, N. Tasumoto, O. T. Yoshino, E. Katsutsubaki, S. Hirao, S. Onuki, K. Ishii, K. Matsuo, H. Itoya, Y. Konishi. Forwards: G. Ohira, T. Kimura, T. Fujita, T. Tai, M. Atzawa, T. Nakano, T. Hayashi, Y. Sekizawa, S. Kurihara, H. Taira, Y. Kasei, K. Miyamoto, M. Tsuchida, M. Chida. **TIME-SHARERS:** 27: v South of Scotland (Melrose); 27: v North and Midlands (Aberdeen); 23: v Edinburgh (Myrside); 27: v Scotland XV (Murrayfield), October 8; v Leicestershire invitation XV (Leicester); 4: v Cornwall (Redruth); 7: v English Students (Oxford); 11: v England XV (Twickenham).

Thouvenot (Toulouse), P. Verbeke (Agen),
Gallien (Toulon), H. Sanez (Graulhi),
Modin (Brive). Forwards: J.-P. Garret
(Lourdes), P. Menneco (Montferrand),
P. Detrez (Nantes), C. Portolan (Toulouse),
Chaboudard (Bourgnon), J.-C. Oso (Nice),
Dintrane (Tarbes), D. Dubreche (Agen),
Henriero (Toulon), E. Champ (Toulon).
Hoget (Biarritz), P. Sarriens (Racing Club),
J. Gondon (Biarritz), A. Lasserre (Aix-les-
Bains), T. Bouquignon (Narbonne),
D. Verges (Nîmes), D. Erbaui (Agen),
Rodriguez (Montferrand), J.-J. Joliet
(Brive), A. Caminatti (Béziers), M. Caillon
(Bourgnon), J. Gratton (Agen), K. Janik
(Toulouse), T. Mazet (Toulouse).

Enlisting aid for kickers

Rob Andrew, the England stand-off half who returned to this country from Australia at the weekend and has joined Wasps from Nottingham, hopes

son. There are a few kickers around now who, like Barry Johns, just put the ball down step back and let fly; each individual has his own private ritual.

Steve Holdstock, the former Nottingham wing, who is now also in Australia, ended the season as top try-scorer in the Sydney premiership.

America's Cup | **RUGBY LEAGUE**

RUGBY LEAGUE

Cup draws favour big clubs

Kiwi signs up

Warrington have signed Jonathan Ropati, a 23-year-old New Zealand utility back from Otahuhu club in Auckland. Ropati, who has played for New Zealand arrives this week and could play in Sunday's home first division match against Salford.

Champion King back for Royal occasion


The two principal European challengers are expected to be Liselotte Neumann, of Sweden, and Laura Davies, of Surrey, who occupy the top two positions in the WPGA Ring and Brymer Order of Merit. Miss Davies has two recent sources of encouragement — her 11th place in the United States Open and her victory only last Saturday in the Greater Manchester tournament at Wigan.

Summer troubles spill over to a make-or-break winter

The absence of the Philips event will create a void in the basketball diary at New Year. In its place, a domestic tournament

Lee helps Wasps to record

Year	Percentage of Population Aged 65 and Over
1950	7.0
1960	8.5
1970	10.0
1980	11.5
1990	13.0



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Today's television and radio programmes

Edited by Peter Dear
and Linda Taylor

BBC 1

- 6.00 **Ceefax AM**.
6.50 **Breakfast Time** with Frank Bough and Sue Cook. Weather at 6.55, 7.25, 7.55, 8.25 and 8.55; regional news, weather and traffic at 6.57, 7.27, 7.57 and 8.27; national and international news at 7.00, 7.30, 8.00, 8.30 and 9.00; sport at 7.20 and 8.20; and a review of the morning newspapers at 8.37. As well as coverage of the SDP conference at Harrogate, there are also the adult and adolescent Advice Lines; gardening hints from Alan Titchmarsh; and a recipe from Glynis Christian.
- 9.20 **SDP Conference 1986**. Coverage of the debates on industry and inflation.
- 10.30 **Play School**.
10.50 **SDP Conference 1986**. Sir Robin Day and his team introduce coverage of the debate on industry and inflation.
- 1.00 **News After Noon** with Richard Whitmore and Sue Carpenter. Includes news headlines with subtitles, 1.25 Regional news and weather, 1.30 **Bespoke**, (r) 1.45 **Ceefax**.
- 2.00 **SDP Conference 1986**. The address by the President of the SDP, Shirley Williams, 3.52 Regional news, 4.00 **News After Noon** with Richard Whitmore and Sue Carpenter. Includes news headlines with subtitles, 4.20 **Beat the Teacher**. John Jones presents another round of the pupils versus teachers quiz 4.35 **Reinventing Comedy** series about a family of friendly species, (r).
- 5.05 **John Craven's** Newsround 5.10 **Butterfly Island**. Adventure serial set on an island in Australia's Great Barrier Reef.
- 5.35 **The Flintstones**. Comedy series about a modern Stone Age family.
- 6.00 **News with Sue Lawley** and Philip Hayton. Weather. London Plus.
- 6.35 **Relay Addicts**. The Thompson family from Edinburgh, last week's winners, are challenged by the Woodards of Pontypool. In this week's test of television programme knowledge.
- 7.30 **EastEnders**. Dot makes an appointment for advice on her problems. Dan tells Pete a little of his plans for the pub but is less forthcoming with Angie when she returns from her holiday with Sharon; and the Fowlers plan their annual outing to Albert's grave. (Ceefax)
- 8.00 **Open All Hours**. In an effort to make Nurse Gladys Jaskalski, Arkwright decides to advertise for a live-in housekeeper. (Ceefax)
- 8.30 **Help Comedy** series about three unemployed young Liverpudlians, this week searching for one of the lads' granddad who left a note to say that he had been kidnapped by the CIA. The lads are Stephen McGinnis, David Albany and Jack Abraham. (Ceefax)
- 9.00 **News with Sue Lawley** and Philip Hayton. Regional news and weather.
- 9.30 **Big Deal**. The inveterate card player finds himself in a game being played in a room called by a railway station. Starring Ray Brooks. (Ceefax)
- 10.20 **Film 86**. Barry Norman talks to David Puttnam about his Columbia Pictures production, *Ishtar*, and among the films reviewed is *Porgy and Bess*.
- 10.50 **The Taste of Health**. The final programme of Judith Henri's series on healthy cooking. Writer, Claudia Roden, and restaurateur, Antonio Carluccio. (r)
- 11.15 **Rhoda**. The independent New Yorker tries to prove to her mother that she can be a businesswoman only with clients. (r)
- 11.40 **Weather**.

TV-AM

- 6.15 **Good Morning Britain**, presented by Jayne Irving and Mike Morris. News at 6.30, 7.00, 7.30, 8.00, 8.30 and 9.00; financial news at 8.35; sport at 8.40 and 9.00; exercises at 8.55; and a review of the morning newspapers at 8.57. As well as coverage of the SDP conference at Harrogate, there are also the adult and adolescent Advice Lines; gardening hints from Alan Titchmarsh; and a recipe from Glynis Christian.
- 9.20 **SDP Conference 1986**. Coverage of the debates on industry and inflation.
- 10.30 **Play School**.
10.50 **SDP Conference 1986**. Sir Robin Day and his team introduce coverage of the debate on industry and inflation.
- 1.00 **News After Noon** with Richard Whitmore and Sue Carpenter. Includes news headlines with subtitles, 1.25 Regional news and weather, 1.30 **Bespoke**, (r) 1.45 **Ceefax**.
- 2.00 **SDP Conference 1986**. The address by the President of the SDP, Shirley Williams, 3.52 Regional news, 4.00 **News After Noon** with Richard Whitmore and Sue Carpenter. Includes news headlines with subtitles, 4.20 **Beat the Teacher**. John Jones presents another round of the pupils versus teachers quiz 4.35 **Reinventing Comedy** series about a family of friendly species, (r).
- 5.05 **John Craven's** Newsround 5.10 **Butterfly Island**. Adventure serial set on an island in Australia's Great Barrier Reef.
- 5.35 **The Flintstones**. Comedy series about a modern Stone Age family.
- 6.00 **News with Sue Lawley** and Philip Hayton. Weather. London Plus.
- 6.35 **Relay Addicts**. The Thompson family from Edinburgh, last week's winners, are challenged by the Woodards of Pontypool. In this week's test of television programme knowledge.
- 7.30 **EastEnders**. Dot makes an appointment for advice on her problems. Dan tells Pete a little of his plans for the pub but is less forthcoming with Angie when she returns from her holiday with Sharon; and the Fowlers plan their annual outing to Albert's grave. (Ceefax)
- 8.00 **Open All Hours**. In an effort to make Nurse Gladys Jaskalski, Arkwright decides to advertise for a live-in housekeeper. (Ceefax)
- 8.30 **Help Comedy** series about three unemployed young Liverpudlians, this week searching for one of the lads' granddad who left a note to say that he had been kidnapped by the CIA. The lads are Stephen McGinnis, David Albany and Jack Abraham. (Ceefax)
- 9.00 **News with Sue Lawley** and Philip Hayton. Regional news and weather.
- 9.30 **Big Deal**. The inveterate card player finds himself in a game being played in a room called by a railway station. Starring Ray Brooks. (Ceefax)
- 10.20 **Film 86**. Barry Norman talks to David Puttnam about his Columbia Pictures production, *Ishtar*, and among the films reviewed is *Porgy and Bess*.
- 10.50 **The Taste of Health**. The final programme of Judith Henri's series on healthy cooking. Writer, Claudia Roden, and restaurateur, Antonio Carluccio. (r)
- 11.15 **Rhoda**. The independent New Yorker tries to prove to her mother that she can be a businesswoman only with clients. (r)
- 11.40 **Weather**.



Cyril Cusack as The Priest in *Outcasts* on the King BBC 2.8.30pm

BBC 2

- 6.55 **Open University: Standing Waves and Energy Levels**.
7.00 **Gharbhar**. This week's edition of the magazine programme for Asian viewers. Includes an examination of the causes and the treatment of depression.
- 8.25 **The Waterloo**. The Greenall Whitley Crown Green Bowling Handicap competition. The champion is a 2.048 scowler, 16 remain to battle for the £13,600 prize money. Harry Rigby is the commentator at the Waterloo Hotel, Blackpool. (Ceefax)
- 1.00 **News at One** with Leonard Parkin. 1.20 **Thames news** presented by Robin Houston. 1.30 **Police** with John and Sue. The security officer is given the task of de-briefing a defuncting Russian writer. (Ceefax)
- 2.30 **Daytime**. Sarah Kennedy chairs a studio discussion on gilded children. With clinical psychologist Anon Bloor and her father, old son, Doron, whose father is donor number 28; eight year old maths prodigy John Adams; and Amy Wallace who has written a book on the unhappy life of the American genius William S. (Ceefax)
- 3.00 **Helium**. This week's edition of the antiquarian programme deals with Maps, Globes, and Porcelain. 3.25 **Thames news** headlines 3.30 **The Young Doctors**. 4.00 **Jamie and the Magic Torch**. (r) 4.10 **Twenty Plus**. Carolyn. (r) 4.20 **Inspector Gadget**. 4.45 **Splash**. Michael Gorr discovers how young musicians should approach the business of winning a recording contract.
- 5.15 **Blockbusters**. 5.45 **News with John Suchet**. 6.00 **Thames news**. 6.25 **Reporting London**. Lisa Davidson reports on the death of non-emergency ambulances; Graham Addicot investigates the threatened closure of the radiotherapy unit at Romford's Oldchurch Hospital; and reports on the reasons why the Government has scrapped plans for community radio. 6.50 **Buddy**. Episode two of the drama serial starring Roger Daltrey as Terry, an ageing Buddy Holly fan, to find for himself and his son when his wife walks out on him. (r)
- 7.15 **The Waterloo**. Richard Duckenfield introduces highlights of the day's play in the Greenall Whitley Crown Green Bowling Handicap at the Waterloo Hotel, Blackpool. 8.00 **Top Gear**. Jackie Stewart illustrates to William Woollard that what he learnt on the race track about driving at speed can help motorists on the roads. Plus, Sue Barker test drives the 155mph Renault GTA V6 Turbo; and advertising executive Robin Wright is invited to a top Hollywood party where he creates chaos out of order.
- 10.50 **Baby, Baby**. The fourth of five programmes on the pleasures and pains of parenthood. (r)
- 11.20 **Top Close For Comfort**. Comedy series starring Ted Knight as the over-protective father of two good looking daughters. New Orleans. (r)
- 11.50 **Granada**. As London. 1.20 **Granada**. As London. 1.30 **Granada**. As London. 1.40 **Granada**. As London. 1.50 **Granada**. As London. 2.00 **Granada**. As London. 2.10 **Granada**. As London. 2.20 **Granada**. As London. 2.30 **Granada**. As London. 2.40 **Granada**. As London. 2.50 **Granada**. As London. 3.00 **Granada**. As London. 3.10 **Granada**. As London. 3.20 **Granada**. As London. 3.30 **Granada**. As London. 3.40 **Granada**. As London. 3.50 **Granada**. As London. 4.00 **Granada**. As London. 4.10 **Granada**. As London. 4.20 **Granada**. As London. 4.30 **Granada**. As London. 4.40 **Granada**. As London. 4.50 **Granada**. As London. 5.00 **Granada**. As London. 5.10 **Granada**. As London. 5.20 **Granada**. As London. 5.30 **Granada**. As London. 5.40 **Granada**. As London. 5.50 **Granada**. As London. 6.00 **Granada**. As London. 6.10 **Granada**. As London. 6.20 **Granada**. As London. 6.30 **Granada**. As London. 6.40 **Granada**. 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SPORT

Top clubs return to drawing board on restructuring

By Clive White

After seven months of negotiation last year in reorganising the structure of the Football League, the clubs are about to return to the drawing board and start all over again. With the season only three weeks old, the majority of first division clubs have decided they want to revert to the 22-team format because they cannot afford the lost revenue involved in reducing the division to 20.

It had been hoped last March, when the first division clubs voted narrowly in favour of streamlining their division, that a British Cup would fill the financial void. Since early July, it has become apparent that competition was a non-starter because of fears it might lead to Britain's four football associations losing their individual identity. It has been felt for some time now in various quarters of FIFA that Britain should be allowed only one team instead of four in international competition.

It was considered that a British Cup would voluntarily add weight to that opinion. The governing bodies of those clubs likely to take part in England, Scotland and Northern Ireland would also have to seek FIFA's approval of such a competition. It is also feared that UEFA would consider the winners as the only valid British representatives in the Cup Winners' Cup. At present four British teams play in this competition. The English FA voiced their disapproval last season, also on the grounds that there were sufficient competitions already.

It had been intended that the competition, originally involving the 20 English first

division clubs, 10 Scottish premier division clubs and two Irish sides, begin this season. But that was made impossible because of the time involved in sanctioning a new competition and the Scottish League's desire to discuss the matter internally first. The premier division has also been increased this season by two clubs which adds a further eight matches to each fixture list.

The move to revert to a 22-team English first division was led by Peter Swales and Doug Ellis, the chairmen of Manchester City and Aston Villa, respectively. Mr Swales is expected to lodge his request for an extraordinary meeting of the League in the next day or so. He will require the support of five other clubs to call such a meeting and he is not expected to be short of offers. Everton, whose chairman Phillip Carter is also the new president of the Football League, Liverpool, Manchester United, Arsenal and Luton Town have all voiced their support.

Peter Robinson, the Chief Executive of Liverpool, said: "We negotiated the reduction on the understanding that there would be a British Cup. If that competition does not come about, we will be losing in two seasons' time when the first division is reduced to 20 teams, 10 per cent of our revenue which is equivalent to £200,000. We're not convinced that the Full Members Cup is a proper replacement, based on last season's attendances. Although the reduction means there is more money to share around, it still falls far short. And the League

is still without a sponsor."

It seems certain all aspects of last season's new agreement between the four divisions of the League will have to be renegotiated - even though the decision to reduce the first division clubs themselves. When the second division agreed to a 25 per cent share of the wealth, presumably it was in the knowledge that they would benefit from two extra gates since their section was being enlarged from 22 to 24 clubs over the next two seasons.

The second division clubs are bound to resist any change. William Fox, the Blackburn chairman and second division representative said: "There is no way we are going back on what was agreed. We asked them several times 'are you sure you want to cut your own division' and they said 'yes'. Part of our agreeing to increase the top clubs' voting power was based on them cutting their clubs and the second division being increased to 24. They can't have everything their own way. The changes are all linked and they can't just pick out one and go back on it."

"Perhaps some people are influenced by where their own club is in the table at this particular moment. Involvement in play-offs perhaps looks a little more likely for some than it may have done before the season began. We talked the matter to death last season. I thought we could get down to reading about football matches in the papers instead of behind-the-scenes politics. If it does come up again then everything else must be discussed again - percentages, voting, the lot!"

Göteborg ground considered unsafe

By Paul Martin

Fears over safety at Sweden's leading football ground have led the Swedish FA to withdraw Göteborg as the venue for this season's European Cup Winners' Cup final. It will now be played in The Netherlands.

Hans Bangert, secretary of UEFA, says that this stems from a heightened concern about the safety standards of football stadiums across Europe as a result of the Heysel tragedy last year.

"They had some small technical faults, so they decided they could not be responsible for any risks."

He acknowledged that in the past sufficient attention had not been paid to safety considerations. UEFA had set up a four-man security committee after the disaster. However, UEFA had not made and would not make any checks on the conditions at the newly reopened Heysel Stadium in Brussels. This, he said, was because the stadium would not be used for any of UEFA's finals for a decade.

Though last week's match between Belgium and the Republic of Ireland had been part of the European Championship, Bangert said UEFA had neither the resources nor the time to check most of the venues used in its competitions.

Some of the visitors to the stadium last week maintained parts of it were still crumbling. It was the collapse of a wall under the weight of fleeing spectators that led to many of the deaths when Liverpool and Juventus supporters clashed last year and 39 people died.

Bangert appealed to English football supporters, whether peaceful or not, to stay away from all of England's European Championship matches on the Continent this season, "for the sake of England's future prospects."

He also urged the British authorities to consider banning all supporters from taking ferries across the English channel, as "they are unable or unwilling to bar people that they already know are troublemakers."

Celtic directors to confront Hay

David Hay, the Celtic manager, could be in trouble with the Scottish Football Association when they consider the report from Donald McVicar, the referee, after end-of-match scenes at Tannadice on Saturday when Dundee United and Celtic drew 2-2. Match officials had to evade coins thrown by supporters and the referee was surrounded by some decisions. Hay also confronted the referee.

Howe favourite to take over at Villa

By Dennis Shaw

Aston Villa expect this week to choose their new manager from a "limited pool of talented people" with Don Howe and Keith Burkinshaw the front-runners. Doug Ellis, the chairman is convinced he can quickly appoint a successor to Graham Turner, dismissed on Sunday.

"With the number of applications already received, it is unlikely we will have to advertise," said the Villa chairman, who believes a replacement with the suitable credentials is readily available.

The agreement among clubs that managers under contract must not be approached during the course of the season means that Villa must concentrate on those without such ties. This does not appear to bar an early solution.

Howe, former Arsenal manager and respected No 2 to Bobby Robson, the England manager, is believed to have expressed an interest in the prestigious post. So, too, has Burkinshaw, the former Tottenham Hotspur manager,

who has been coaching in the Middle East. Howe, who is Staffordshire-born, has strong links with the Midlands, having played and managed West Bromwich Albion. From Villa's viewpoint, his main asset is an ability to coach a team a policy which, in general, includes powerful midfield and defensive strategies. Villa's problem this season has been the ease with which they have conceded goals, ensuring five defeats in six matches.

Ellis feels that Turner has assembled a strong squad of players, signing nine of them for £2.61 million. The weakness has been the absence of a tangible team plan, an area regarded as Howe's strong suit.

Conjecture that Ron Wylie, the existing coach, might be put in permanent, rather than temporary charge, was dispelled yesterday when he insisted he was not interested in becoming manager. However, he will be happy to work alongside any new appointment.

Dalglish turns down Kendall's request

Liverpool's player-manager, Kenny Dalglish, has refused his rival, Howard Kendall, special dispensation to use Dave Watson at the heart of the Everton defence for tonight's first leg at Anfield in the Screen Sport Super Cup final, which has been held over last season.

With Mountfield resting a groin strain and Marshall facing a late test on an identical injury, Everton may have to call on an inexperienced 21-year-old, Billings. Kendall already has Coyle, also aged 21, lined up for only his third appearance at full back.

Watson, signed from Norwich City for £900,000 this season, played against Everton and Liverpool in the competition last season. Kendall said: "The rules are a bit vague, saying a player cannot play for two clubs in the same competition in the same season. This is a new season but it's no big deal that Kenny has slid no - even if we are

running out of new faces to call on."

Everton will not risk Heath, who twisted his knee ligaments in Saturday's victory at Wimbledon.

Liverpool will probably recall their full back, Nicol, for his first game of the season. The Scot has fully recovered from the stomach injury he picked up on World Cup duty in Mexico. Johnston has been ruled out for the next fortnight with a cracked toe and that is likely to delay Wark's departure from Anfield.

Remi Moses is reunited with Bryan Robson as Manchester United's comeback campaign gathers momentum in a League match at Watford tonight.

Moses replaces the injured Strachan. Barnes is Watford's main doubt with an ankle injury that kept him out of Saturday's game at Norwich. Callaghan is expected to keep his place and Talbot may be recalled after an impressive performance as substitute on Saturday.

Aberdeen's injury problems have continued as they await Sion, of Switzerland, in the European Cup Winners' Cup. Neil Simpson, the midfield player, is to have a foot operation on Friday and will be out for six weeks.



Rolling in and rolling over: Gary Player after holing a 96-foot putt during the United Virginia Bank Senior PGA tournament in Richmond, Virginia.

BOXING

Timing out as Bugner turns back the clock

Sydney (AP) - Joe Bugner ended a two-and-a-half-year absence from boxing by scoring a unanimous 10-round decision over James "Quick" Tillis, of the United States, here last night. The 36-year-old former European and Commonwealth heavyweight champion was stronger and busier than Tillis and finished the fresher of the two.

All three Australian judges had Bugner well in front, the scores being 99-93, 98-92 and 97-95. Bugner, the only man to go the distance with Muhammad Ali and Joe Frazier, turned the clock back. He displayed more fire than he was in his prime. Although his timing was suspect, Tillis, a former world title challenger, did not work hard enough to make him pay for it.

Bugner had no doubts that he won well. "I put on all the pressure and deserved to win," he said. "I wasn't completely happy with my timing but that will come back with a couple of more fights."

Bugner's comeback had been greeted with suspicion in Australia and Britain but here the crowd of 4,900 were fully behind him.

"That is one of the few times in the last 17 years that I've had a crowd completely behind me," Bugner said. "The critics can take a jump now. I've proved something to them. I don't care any more what the people in Britain say. They never respected me, anyway."

Tillis's manager, Bo Williford, kept screaming at his man to "stop posing" but later claimed that Tillis had done enough to deserve the verdict.

Bugner has lost only 11 times in 72 professional contests. He weighed in at 165 lb while Tillis was 155 3/4 lb. Bugner's victory could earn him an immediate world ranking. Bill Morley, the promoter, has promised him a crack at Greg Page, the former WBA champion, here late next month.

The first four rounds appeared to be shared 2-2. Bugner landed heavy blows but Tillis was speedy and elusive, counter-punching impressively. Tillis landed useful left hooks in the fifth round and seemed to be getting on top but Bugner came back well as the American's work-rate dropped. Bugner was in command by the eighth, wobbling Tillis with powerful combinations.

Earlier this year Tillis went 10 rounds with Mike Tyson, the unbeaten knockout sensation.

Mittee returns tonight

Sylvester Mittee meets Willie McGee of the United States over ten rounds at the Arndale Leisure Centre, Leeds, tonight in his first appearance since losing to Lloyd Honeyghan in a triple welterweight title fight last November.

It will also be his last appearance before taking on Kirkland Laing of Nottingham in a final eliminator for Honeyghan's three titles. Brian Schumacher, former ABA light-heavyweight champion, who is unbeaten as a professional, fights on the same bill.

TENNIS

Christmas show is a sell-out

By Rex Bellamy, Tennis Correspondent

The calendar of big-money men's tournaments does not always make sense. There are so many such tournaments that it is difficult to fit them all in. Consequently, some events clash and others occur at times of the year when many players are either rusty or, to use the euphemistic rhyming slang, cream-cracked. But at least one tournament has benefited from recent adjustments to the fixture list.

The annual doubles event promoted by the World Championship Tennis organization at the Albert Hall, London has been shifted from January to December and has also become the official doubles climax of the year-long grand prix circuit. Its new dates are December 10 to 14, its new title the Nabisco Masters Doubles, and the tournament director, Patrick Deuchar, reports a gratifying acceleration of public interest.

Last-day seats in the stalls area are already sold out and every box has been booked for the entire tournament, most of them by commercial companies who regard the pre-Christmas period as ideal for corporate entertainment. In addition the sponsorship income has almost doubled and the television exposure has almost trebled, with five countries taking "live" coverage and seven more using edited recordings.

Deuchar's pleasure in reeling off the good news is tempered by the fact that he cannot be certain who will play. Nor, for that matter, can he be certain how competitors will respond to a showpiece tournament played a fortnight before Christmas, a time of year when even professional sportsmen are tending to go nowhere except home.

Teams qualify for the Albert Hall on the basis of their grand prize earnings. The grand prize is still going on and it may be two months before we know which eight teams will be eligible. fit and willing to

compete. The most likely candidates are Hans Gildemeister and Andres Gomez, Joakim Nystrom and Mats Wilander, Sergio Casal and Emilio Sanchez and Ken Flach and Robert Seguso.

Doubles players change partners far more often than they did 20 or even 10 years ago and the special craft of doubles play has inevitably suffered. The grand prize as a whole is also so protracted that its points standings are not a completely sound indication of which singles players and doubles teams may be expected to excel on the big occasions - that is, the four grand slam championships.

The most successful doubles teams in the last four grand slam events have been Nystrom and Wilander (a year ago they were regarded as the second best team in Sweden, behind Stefan Edberg and Anders Jarryd), Martina Navratilova and Pam Shriver and Kathy Jordan and Flach.

In the following orders of merit the extraordinary Miss Navratilova appears in two women's teams and two mixed teams:

MEN'S DOUBLES: 1, Nystrom and Wilander; 2, Anncone and Van Rensburg; 3, Fitzgerald and Smith; 4, Gomez and Sanchez; 5, Donnelly and Fleming; 6, Edberg and Jarryd; 7, Flach and Seguso; 8, Casal and Sanchez.

WOMEN'S DOUBLES: 1, Navratilova and Shriver; 2, Mandlikova and Turnbull; 3, Graf and Sabatini; 4, Kohde-Klich and Sukova; 5, Navratilova and Temestant; 6, Burgin and Fehring; 7, Fendick and Heisterington.

MIXED DOUBLES: 1, Miss Jordan and Flach; 2, Miss Peggi and Casal; 3, Miss Navratilova and Gunhardt; 4, Miss Bunge and Sanchez; 5, Miss Navratilova and Fleming; 6, Miss Fehring and Edmondson; 7, Miss Smylie and Fitzgerald.

To get back to the Albert Hall, which is always a pleasure, this will be the fifteenth edition of a tournament inaugurated by WCT at Morristown in 1973. The first six events were played in North America in May, the next eight in London in January.

Exposed: Inner Ring of the Somerset circus

Simon Barnes

There are two ways of looking at The Great Somerset Circus. The first is that it is another of those nasty little squabbles that sporting organizations tend to go in for. The second is that it is a battle for souls: the soul of a cricket club and the soul of English county cricket.

County cricketers lead an extraordinary life. Anyone who has read Peter Roebuck's superb book *It Never Rains*, a season-long diary of a careworn batsman, understands something of the relentlessness of the seven-day-a-week season. "Monday was a poor day. Charging about the country, trying to live up to a high level of expectation and performance, had been a burden. I wanted to disappear for a week, or for a month, and yet was expected to 'keep bugging on'... I wanted to be able to relax, to be sociable, to become more human - it's in there somewhere, but one has to suppress so much of it to win the battle. Then suddenly you realize the battle is not worth winning."

Roebuck is behind the Great Crisis

But Roebuck is now the captain of Somerset, as well as being one of the best test cricket writers in operation. Many see him as the man behind the Great Crisis: the decision not to renew the contracts of the overseas stars, Viv Richards and Joel Garner, which prompted (by design? people ask) Ian Botham to announce that if his mates went he went, too.

This is not exactly the case but Roebuck is clearly aligned with those in favour of the decision. If it is overruled at an extraordinary general meeting of the members in October Roebuck will have to go as captain and probably as player.

At the core of the argument is the difference between the ordinary county player, the sort whose anxious life is made clear in Roebuck's book, and the star.

Counties go after the inspirational

But stars are greedily signed up by counties who want inspirational cricketers to perform deeds of magic seven days a week. Often they cannot find such inspiration, they cannot make themselves care enough. Some - Hadlee, Marshall, Daniel - are genuine through and through. Others get the reputation for being non-triers.

They get injuries, they leave the field when it suits them, they keep missing matches. Finally enough, the groin strain never strikes for one-day finals but when there's a midweekner in Glamorgan, stars suddenly find themselves unable to lift a bat. The need to find success united Somerset, players and stars alike: the effort of sustaining it seems to have been utterly divisive.

The question is whether a county cricket club is a circus for the stars to perform miracles at one-day games when the crowds turn up, or whether it is about winning county championship games in front of a few dozing members. On dull days, and there are many, stars like to withdraw to the pavilion with a muscle twerk to let the duller virtues of daller players make themselves plain.

The star system can work for a county but it depends

very much on the star. That is why Somerset have moved for Martin Crowe. On cloudy Wednesdays at Derby when even the dogs fail to show up they believe Crowe will get his head down and score runs. Other stars manifestly do not always find this motivation.

But the fault is not only with these other stars, it is also with the county championship itself. No other country plays such relentless cricket as England. The pros spend their lives roaring up and down motorways, jockeying in the outside lane in slightly underpowered sponsored cars, eager to get home. It is a wonder that cricketers do not all perish on the M1.

Declaring war on the gangs

This is not a life that all superstars can learn to love and Somerset are over-endowed with big occasion specialists. There is a gang, an Inner Ring of stars at Somerset: nothing more eroding of team spirit could be imagined. Indeed, a Botham Inner Ring has affected the England as well as the Somerset dressing-room: Botham loves gangs, he's that sort of fellow.

It is this that Somerset are trying to end with the proposed departure of Garner and Richards. They want good, solid cricketers trying hard, playing consistently, looking good in the county championship. It is the sort of thing supporters could not care less, but it will be members that vote on the decision. Letters are flooding into the club and are 60-40 in favour of the stars' departure.

Members love the county championship: stars often do not. There is so much of it: Phil Edmunds said he could go on for years if he were playing for England and Hampshire. In his last few seasons Bob Willis was a lion for England and a lamb for Warwickshire. This attitude can provoke both the anger and the envy of the salt-of-the-earth pro.

The county championship is an incredible fig and it takes special and not always exciting virtues to do well in it. Tim Hudson, Botham's former agent, spoke out in favour of turning the county championship into a training ground for the under-25s and turning the rest of the game into a travelling circus of the stars. Hudson is wont to talk about such people as Richards and Botham as "rock'n' roll cricketers". The Somerset battle is about whether cricket is about stardom, legacy, perhaps a little duality, and certainly a lot of geniusness - or about rock'n' roll.

Reward for DeFreitas

Phillip DeFreitas, one of the surprising selections for the winter tour to Australia, has been named as the Britannic Assurance Championship player-of-the-year. He will be presented with a cheque for £500 by Britannic Assurance at The Oval today during Leicestershire's game against Surrey.

DeFreitas, in his second season with Leicestershire, has so far taken 89 wickets and scored almost 700 runs in this summer's championship.

SPORT IN BRIEF

Walk-out by Lees

Mark Lees, the chief coach who helped master-mind the British lightweight men and women's rowing teams to a gold and three silver medals at the world championships in Nottingham this summer has resigned.

Lees, whose father Peter contributed £8,000 so the crews could finish their training, has written to the Amateur Rowing Association, claiming: "At times I feel as though in financial terms the ARA wished lightweight crews didn't exist."

Britain's lightweight team were arguably the strongest in the world this year, but were hit by the ARA's financial crisis earlier in the year. The heavyweights were bailed out by a Sports Council grant, but only managed one gold medal in Nottingham. However lightweight events are not included in the Olympic programme, so do not qualify.

The individual lightweight oarsmen paid between £500 and £1,000 each towards the cost of travel and accommodation and only in the final stages of training did the ARA find some £9,000.



McEvoy: experience

McEvoy back

Peter McEvoy, the amateur champion twice during the 1970s will make his third appearance for Great Britain and Ireland in the world amateur team golf championship at the Eisenhower Trophy in Venezuela from October 22 to 25.

Croft happy

Croft Original are to continue with horse trials sponsorship for a fifth year. They will again back 16 trials as well as the British Open championship at Gatcombe Park.

Palmer fine

John Palmer, the Bath centre was discharged from hospital yesterday after receiving a neck injury from a tackle during Saturday's game against Leicester. Palmer is now recovering from severe bruising, although x-rays showed he had broken a bone in his neck several years ago.

Graf tops list

Steffi Graf, the West German world No 3, fresh from beating Manuela Maleeva, the Bulgarian, to take the Pacific Open title in Tokyo on Sunday has confirmed her entry for the European tennis open in Zurich from October 6-12.

Luton mourn

The funeral of Harry Haslam, the former Luton Town and Sheffield United manager, will take place on Thursday. The service will be at 2pm at All Saints Church in his home village of Southill, North Bedfordshire.

Captain doubt

Steve Perryman, Oxford United's captain, injured his groin against Manchester City on Saturday and may be out for three weeks, including Saturday's visit to Arsenal, scene of many of his triumphs.

BOWLS

Ackland earns junior national place

Chris Ackland's 21-18 win over Paul Sharman in the Kodak Under-25 championship final at Worthing on Sunday means that two of the main English national singles bowls titles are now held by Welshmen (Gordon Allan writes). Wynne Richards won the senior championship last month.

Ackland comes from Penarth and his Worthing success - "my best achievement so far" - has earned him one of the four places in the British Isles junior championship at Cardiff next July. The probable venue is Barry Athletic, which besides being on Ackland's doorstep is a green he knows and likes. He started bowling 14 years ago when he was ten years old, and has played in Middlesex's county championship team for the past two years.

Danny Dennison, the title favourite who lost to Ackland in the semi-finals by the remarkable score of 21-1, wrenched his back driving a lorry at work recently and this may have inhibited him. Ackland called their match "a one-off for me and Danny".